



**Consolidated Annual Financial Statements  
for the year ended 30 June 2019**

# Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Index

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The reports and statements set out below comprise the consolidated annual financial statements presented to the Council.

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### Abbreviation

GRAP	Generally Recognised Accounting Practice
ADM	Amathole District Municipality
NT	National Treasury
PT	Easter Cape Provincial Treasury
DWAS	Department of Water and Sanitation
AEDA	Amathole Economic Development Agency SOC Limited t/a ASPIRE
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant ( Previously CMIP)
VAT	Value added taxation
WSIG	Water Services Infrastructure Grant
NDPG	Neighbourhood Development Programme Grant
EPWP	Expanded Public Works Programme

# Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## General Information

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### Mayoral Committee

Executive Mayor	Nxawe, N. W
Acting Executive Mayor	Mnqwazi, Z
Speaker	Ndikinda, N
Chief Whip	Ndwayana, S.E
Councillors	Mgidlana, N ( Corporate Services Human Resources and Admin) Ganjana, B. M ( Land and Housing ) Zuka, S. M ( Local Economic Development ) Namba, M. M ( Strategic Planning ) Kabane, Z ( Community Safety ) Jacobs, L. E. V ( Budget and Treasury ) Bonga, N. A (Legislation and Essential Services) Mnqwazi, Z (Engineering Infrastructure)

### Grading and Jurisdiction

Grade 6

- Intergrated development planning for the District Municipality as a whole including a framework for all municipalities in the area
- Potable water supply system
- Domestic waste-water and sewerage disposal systems
- Solid waste disposal sites, in so far as it relates to :
  - determining a waste disposal strategy
  - regulation of waste disposal
- Municipal Health Services
- Fire fighting services serving the area
- Promotion of local tourism area
- The receipt and allocation of grants

The Amathole District Municipality is located in the mid-section of the Eastern Cape Province along the coastline of the Indian Ocean, encompassing the former homeland areas of the Ciskei and Transkei, as well as the former Cape.

# Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## General Information

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### Provincial Administration areas

The Amathole District Municipality's dermarcated area is made up of six (6) local municipalities namely :

Amahlathi Municipality

Great Kei Municipality

Mbhashe Municipality

Mnquma Municipality

Ngqushwa Municipality

Raymond Mhlaba Municipality (formerly Nxuba and Nkonkobe municipalities)

### LEGISLATION

**The ADM complies with the following key and other related pieces of legislation :**

Municipal Finance Management Act 56 of 2003

Municipal Dermarcation Act 27 of 1998

Municipal Structures Act 117 of 1998

Laws Amendment Act 51 of 2002

Constitution of the Republic of South Africa Act No. 108 as amended

Municipal Systems Act 32 of 2000

Water Service Act 108 of 1997

Basic Conditions of Employment Act 75 of 1997

Labour Relations Act 66 of 1995

Remuneration of the Public Office Bearers Act 20 of 1998

Division of Revenue Act 3 of 2016

Housing Act 107 of 1997

Local government transitions Act 209 of 1993

Local government transitions Act Second 97 of 1996

Local government : Municipal Planning and Performance Management Regulations 2001

Local government : Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers 2006

Supply Chain Management Regulations 2005

Value Added Tax Act 89 of 1991, and

Unemployment Insurance Act 30 of 1996

### Municipal Manager

Dr T.T. Mnyimba

### Email

[thandekilem@amathole.gov.za](mailto:thandekilem@amathole.gov.za)

### Business address

Waverly Office Park  
No 3 - 33 Phillip Frame Road  
Chiselhurst  
5247

### Telephone /Fax number

043 701 2257 / 043 742 0337

### Postal address

PO Box 320  
East London  
5200

### Banker

Standard Bank, East London

### Auditors

Auditor General of South Africa  
Registered Auditors

# Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## General Information

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### Councillors

Baleni, X	Mbhashe Local Municipality
Tyodana, X	Mbhashe Local Municipality
Genyana, C	Mbhashe Local Municipality
Nqwena, N	Mbhashe Local Municipality
Msindwana, K	Mbhashe Local Municipality
Mafanya-Goniwe, T	Mbhashe Local Municipality
Mantshiyo, L	Mbhashe Local Municipality
Balindlela, T	Amahlathi Local Municipality
Skelenge, N	Mnquma Local Municipality
Siyo, Z	Mnquma Local Municipality
Tshona, N. R	Mnquma Local Municipality
Xhongwana, Z	Mnquma Local Municipality
Mnqokoyi, Z	Mnquma Local Municipality
Magwaca, K	Mnquma Local Municipality
Dywili, M. D	Raymond Mhlaba Local Municipality
Badi, X. C	Raymond Mhlaba Local Municipality
Ngaye, T	Raymond Mhlaba Local Municipality
Auld, C. A	Raymond Mhlaba Local Municipality
Maneli, S	Ngqushwa Local Municipality
Ncanywa, D	Ngqushwa Local Municipality
Siwisa, M. T	Ngqushwa Local Municipality
Mfecane, N	MPAC Chairperson
Rulashe, N	Proportional Representative
Lombard, J	Proportional Representative
Matshobeni, A	Proportional Representative
Sitole, P. S	Proportional Representative
Tolobisa, M. D	Proportional Representative
Goniwe, P. B	Proportional Representative

### Directors ASPIRE

Adendorff, C.M (Board Chairperson- appointed 01 January 2019)  
Williams, M.A (Deputy Chairperson- appointed 01 January 2019)  
Mbede, N.E (re-appointed 01 January 2019)  
July, M.M (expired 31 December 2018)  
Buswana, T (expired 31 December 2018)  
Mushohwe, F (expired 31 December 2018)  
Mosehana, M.M (re-appointed 01 January 2019)  
Nkwentsha, T.W (expired 31 December 2018)  
Khanyile, S (appointed 01 January 2019)  
Qunta, A.T (expired 31 December 2018)

# Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Responsibilities and Approval

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The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and are responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the consolidated annual financial statements fairly present the state of affairs of the municipality and group as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the consolidated annual financial statements and were given unrestricted access to all financial records and related data.

The consolidated annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The consolidated annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that they are ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2020 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is dependent on the grants for continued funding of operations. The consolidated annual financial statements are prepared on the basis that the municipality is a going concern and that the Amathole District Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

The external auditors are responsible for independently reviewing and reporting on the group's consolidated annual financial statements.

The consolidated annual financial statements set out on pages 6 to 68, which have been prepared on the going concern basis, were approved on 30 June 2019 and were signed on its behalf by:

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**Dr T.T. Mnyimba**  
Municipal Manager

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**M.L Mosala**  
Chief Financial Officer

# Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Statement of Financial Position as at 30 June 2019

Statement of Financial Position as at 30 June 2019					
Figures in Rand	Note(s)	Group		Municipality	
		2019	2018 Restated	2019	2018 Restated
<b>Assets</b>					
<b>Current Assets</b>					
Inventories	<a href="#">11</a>	24,819,857	4,053,626	24,819,857	4,053,626
Receivables from exchange transactions	<a href="#">12</a>	303,960,362	170,852,945	303,960,362	170,852,945
Receivables from non- exchange transactions	<a href="#">13</a>	8,369,345	4,028,527	8,206,603	3,633,759
VAT receivable	<a href="#">14</a>	120,328	656,460	-	-
Cash and cash equivalents	<a href="#">15</a>	200,298,857	189,959,346	190,152,984	180,243,676
		<b>537,568,748</b>	<b>369,550,904</b>	<b>527,139,805</b>	<b>358,784,006</b>
<b>Non - Current Assets</b>					
Investment property	<a href="#">3</a>	150,724,402	151,081,758	150,724,402	151,081,758
Property, plant and equipment	<a href="#">4</a>	4,641,381,547	4,428,203,234	4,641,243,535	4,428,148,189
Intangible assets	<a href="#">5</a>	26,549,858	39,399,871	26,521,361	39,399,871
Heritage assets	<a href="#">6</a>	400,000	400,000	400,000	400,000
Investments in controlled entities	<a href="#">7</a>	-	-	1,000	1,000
Non - current Investments	<a href="#">18</a>	2,137,129	2,000,000	2,137,129	2,000,000
Non current receivables	<a href="#">8</a>	1,710,803	1,710,803	1,710,803	1,710,803
		<b>4,822,903,738</b>	<b>4,622,795,666</b>	<b>4,822,738,230</b>	<b>4,622,741,621</b>
<b>Total Assets</b>		<b>5,360,472,485</b>	<b>4,992,346,570</b>	<b>5,349,878,034</b>	<b>4,981,525,627</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Finance lease obligation	<a href="#">16</a>	4,160	144,261	4,160	144,261
Payables from exchange transactions	<a href="#">20</a>	466,733,782	398,037,301	465,453,170	394,410,014
VAT Payable	<a href="#">21</a>	78,851,828	73,492,673	78,851,828	73,492,673
Taxes and transfers payable (non - exchange)	<a href="#">22</a>	9,689,040	9,004,128	9,689,040	9,004,128
Current tax payable	<a href="#">23</a>	31,985	486,926	-	-
Consumer deposits	<a href="#">24</a>	3,056,332	3,017,984	3,056,332	3,017,984
Unspent conditional grants and receipts	<a href="#">17</a>	111,694,219	67,213,572	108,668,589	63,210,481
Provisions	<a href="#">19</a>	128,513,027	115,378,326	128,513,027	115,378,326
		<b>798,574,373</b>	<b>666,775,171</b>	<b>794,236,146</b>	<b>658,657,867</b>
<b>Non- current Liabilities</b>					
Finance lease obligation	<a href="#">16</a>	-	4,160	-	4,160
Operating lease liability	<a href="#">9</a>	2,542,682	969,302	2,530,491	960,594
Employee benefit obligation	<a href="#">10</a>	169,562,863	239,470,797	169,562,863	239,470,797
		<b>172,105,545</b>	<b>240,444,259</b>	<b>172,093,354</b>	<b>240,435,551</b>
<b>Total Liabilities</b>		<b>970,679,918</b>	<b>907,219,430</b>	<b>966,329,500</b>	<b>899,093,418</b>
<b>Net Assets</b>		<b>4,389,792,567</b>	<b>4,085,127,140</b>	<b>4,383,548,534</b>	<b>4,082,432,209</b>
<b>Reserves</b>					
Accumulated surplus		4,389,792,567	4,085,127,140	4,383,548,534	4,082,432,209
<b>Total Net Assets</b>		<b>4,389,792,567</b>	<b>4,085,127,140</b>	<b>4,383,548,534</b>	<b>4,082,432,209</b>

# Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Statement of Financial Performance as at 30 June 2019

Figures in Rand	Note(s)	Group		Municipality	
		2019	2018 Restated	2019	2018 Restated
Revenue					
Revenue from exchange transaction					
Service charges	<a href="#">26</a>	364,264,924	262,030,590	364,264,924	262,030,590
Rental of facilities and equipment	<a href="#">27</a>	267,582	308,026	267,582	308,026
Interest earned outstanding receivables	<a href="#">54</a>	65,599,065	11,555,029	65,599,065	11,555,029
Other income	<a href="#">28</a>	3,575,905	2,296,095	3,564,061	2,021,295
Interest received - Investment	<a href="#">29</a>	19,321,253	6,723,311	18,984,425	6,542,063
Total revenue from exchange transaction		453,028,730	282,913,050	452,680,058	282,457,002
Revenue from non - exchange transaction					
Transfer revenue					
Government grants & subsidies	<a href="#">31</a>	1,338,758,999	1,285,314,907	1,340,111,817	1,283,745,033
Own revenue - VAT on other grants	<a href="#">25</a>	26,885,164	17,608,569	26,885,164	17,608,569
Own revenue - VAT on MIG	<a href="#">25</a>	46,109,278	49,007,661	46,109,278	49,007,661
Total revenue from non - exchange transaction		1,411,753,441	1,351,931,137	1,413,106,259	1,350,361,263
Total revenue	<a href="#">25</a>	1,864,782,171	1,634,844,188	1,865,786,317	1,632,818,266
Expenditure					
Employee related costs	<a href="#">32</a>	(728,885,188)	(749,884,205)	(721,841,714)	(740,792,873)
Remuneration of councillors	<a href="#">33</a>	(16,496,793)	(15,611,612)	(15,242,419)	(14,644,800)
Depreciation, amortisation and impairment	<a href="#">34</a>	(129,688,667)	(110,717,752)	(129,618,457)	(110,630,362)
Finance costs	<a href="#">35</a>	(26,002,681)	(27,598,656)	(26,002,681)	(27,527,497)
Debt impairment	<a href="#">36</a>	(246,777,489)	(162,267,045)	(246,777,489)	(162,267,045)
Collection costs		(802,159)	(501,358)	(802,159)	(501,358)
Repairs and maintenance	<a href="#">56</a>	(16,074,491)	(16,524,491)	(16,066,770)	(16,508,637)
Bulk purchases	<a href="#">37</a>	(103,846,606)	(92,358,696)	(103,846,606)	(92,358,696)
Contracted services	<a href="#">38</a>	(37,052,367)	(41,939,300)	(36,393,714)	(41,361,357)
Transfer and grant expenditure	<a href="#">30</a>	(7,299,791)	(44,145,333)	(9,291,577)	(43,662,675)
Inventory consumed	<a href="#">39</a>	(141,660,722)	(73,168,578)	(141,660,722)	(73,168,578)
Operational costs	<a href="#">40</a>	(220,761,404)	(206,872,168)	(233,773,788)	(218,330,157)
Total expenditure		(1,675,348,358)	(1,541,589,192)	(1,681,318,096)	(1,541,754,033)
Operating surplus		189,433,813	93,254,995	184,468,221	91,064,232
Loss on disposal of assets	<a href="#">55</a>	(1,180,488)	(906,515)	(1,200,625)	(845,942)
Actuarial gains	<a href="#">10</a>	117,848,731	75,524,502	117,848,731	75,524,502
Surplus before tax		306,102,056	167,872,982	301,116,327	165,742,792
Taxation	23	(1,436,626)	(486,926)	-	-
Surplus for the year		304,665,430	167,386,056	301,116,327	165,742,792



## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

### Statement of Changes in Net Assets

Figures in Rand	Accumulated Surplus	Total Net Assets
<b>Group</b>		
Opening balance as previously reported	4,441,574,947	4,441,574,947
Prior period errors ( Note 47 )	(523,833,858)	(523,833,858)
<b>Balance at 01 July 2017 as restated</b>	<b>3,917,741,090</b>	<b>3,917,741,090</b>
Surplus for the year 30 June 2017	167,386,056	167,386,056
<b>Restated Balance at 01 July 2018</b>	<b>4,085,127,146</b>	<b>4,085,127,146</b>
Surplus for the year	304,665,430	304,665,430
<b>Balance at 30 June 2019</b>	<b>4,389,792,576</b>	<b>4,389,792,576</b>
<b>Municipality</b>		
Opening balance as previously reported	4,440,553,614	4,440,553,614
Prior period errors ( Note 47 )	(523,864,198)	(523,864,198)
<b>Balance at 01 July 2017 as restated</b>	<b>3,916,689,416</b>	<b>3,916,689,416</b>
Changes in net assets	-	-
Surplus for the 30 June 2018	165,742,792	165,742,792
Total changes	165,742,792	165,742,792
<b>Restated Balance at 01 July 2018</b>	<b>4,082,432,210</b>	<b>4,082,432,210</b>
Changes in net assets		
Surplus for the year	301,116,327	301,116,327
<b>Balance at 30 June 2019</b>	<b>4,383,548,537</b>	<b>4,383,548,537</b>

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

### Cash Flow Statement as at 30 June 2019

Figures in Rand	Note(s)	Group		Municipality	
		2019	2018 Restated	2019	2018 Restated
<b>Cash flows from operating activities</b>					
<b>Receipts</b>					
Service charges		56,039,620	49,428,611	56,039,620	49,428,611
Grants		1,335,365,402	1,248,995,668	1,336,873,817	1,248,708,557
interest income		84,783,189	18,278,339	84,446,361	18,097,091
Other receipts		3,843,487	70,066,318	3,831,643	70,066,216
Other cash item		232,030	-	-	-
		<b>1,480,263,728</b>	<b>1,386,768,936</b>	<b>1,481,191,441</b>	<b>1,386,300,475</b>
<b>Payments</b>					
Employee costs		(746,900,258)	(768,328,710)	(737,084,133)	(757,977,064)
Suppliers		(423,936,618)	(341,211,204)	(439,945,176)	(353,541,776)
Finance costs		(26,002,681)	(27,598,655)	(26,002,681)	(27,527,496)
Taxation		(1,891,568)	-	-	-
Grant Returns		(2,781,412)	(1,902,381)	-	-
		<b>(1,201,512,537)</b>	<b>(1,139,040,950)</b>	<b>(1,203,031,990)</b>	<b>(1,139,046,336)</b>
<b>Net cash flows from operating activities</b>	<b>42</b>	<b>278,751,192</b>	<b>247,727,986</b>	<b>278,159,452</b>	<b>247,254,139</b>
<b>Cash flow from investing activities</b>					
Purchase of property, plant and equipment	<b>4</b>	(331,080,993)	(231,961,054)	(330,935,722)	(231,961,054)
Proceeds from sale of property, plant and equipment	<b>4</b>	167,098	33,806	146,096	20,594
Purchase of other intangible assets	<b>5</b>	(37,267)	-	(0)	-
Increase in non-current receivables		-	103	-	103
Increase in current investment		0	(2,000,000)	0	(2,000,000)
<b>Net cash flows from investing activities</b>		<b>(330,951,163)</b>	<b>(233,927,145)</b>	<b>(330,789,626)</b>	<b>(233,940,357)</b>
<b>Cash flow from financing activities</b>					
Movement in Defined benefit plan		61,075,498	-	61,075,498	-
Proceeds from consumer deposits		38,348	28,446	38,348	28,446
Movement in Operating leases		1,569,897	-	1,569,897	-
Finance lease payments		(144,261)	(655,802)	(144,261)	(655,802)
<b>Net cash flows from financing activities</b>		<b>62,539,482</b>	<b>(627,356)</b>	<b>62,539,482</b>	<b>(627,356)</b>
<b>Net increase/(Decrease) in cash and cash equivalents</b>		<b>10,339,511</b>	<b>13,173,485</b>	<b>9,909,308</b>	<b>12,686,426</b>
Cash and cash equivalent at the beginning of the year		189,959,346	176,785,861	180,243,676	167,557,250
<b>Cash and cash equivalent at the end of the year</b>	<b>15</b>	<b>200,298,857</b>	<b>189,959,346</b>	<b>190,152,984</b>	<b>180,243,676</b>

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

### Statement of Comparison of Budget and Actual Amounts

Budget on accrual basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Group</b>						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transaction</b>						
Service charges	383,847,276	(8,783,778)	<b>375,063,498</b>	364,264,924	(10,798,574)	1
Rental of facilities and equipment	306,567	-	<b>306,567</b>	267,582	(38,985)	2
Interest earned outstanding receivables	2,815,281	-	<b>2,815,281</b>	65,599,065	62,783,784	3
Other income	412,285	282,418,578	<b>282,830,863</b>	3,575,905	(279,254,958)	4
Interest received - Investment	3,063,500	-	<b>3,063,500</b>	19,321,253	16,257,753	5
<b>Total revenue from exchange transaction</b>	<b>390,444,909</b>	<b>273,634,800</b>	<b>664,079,709</b>	<b>453,028,730</b>	<b>(211,050,979)</b>	
<b>Revenue from non - exchange transaction</b>						
<b>Transfer revenue</b>						
Government grants & subsidies	1,342,541,808	120,203,038	<b>1,462,744,846</b>	1,338,758,999	(123,985,847)	6
Own revenue - VAT on MIG	38,961,235	380,377	<b>39,341,612</b>	46,109,278	6,767,666	7
Own revenue - VAT on other grants	19,399,957	10,245,493	<b>29,645,450</b>	26,885,164	(2,760,286)	8
<b>Total revenue from non - exchange transaction</b>	<b>1,400,903,000</b>	<b>130,828,908</b>	<b>1,531,731,908</b>	<b>1,411,753,441</b>	<b>(119,978,467)</b>	<b>21</b>
<b>Total revenue</b>	<b>1,791,347,909</b>	<b>404,463,708</b>	<b>2,195,811,617</b>	<b>1,864,782,171</b>	<b>(331,029,446)</b>	
<b>Expenditure</b>						
Personnel	847,139,557	(77,076,299)	<b>770,063,258</b>	(728,885,188)	41,178,071	9
Remuneration of councillors	16,933,915	(19,413)	<b>16,914,502</b>	(16,496,793)	417,709	10
Depreciation and amortisation	107,013,686	13,891,009	<b>120,904,695</b>	(129,688,667)	(8,783,971)	11
Finance costs	25,139,014	(35,600)	<b>25,103,414</b>	(26,002,681)	(899,267)	12
Bad debts written off	108,195,340	-	<b>108,195,340</b>	(246,777,489)	(138,582,149)	13
Collection costs	1,144,800	(1,144,800)	-	(802,159)	(802,159)	14
Repairs and maintenance	31,256,511	(31,156,511)	<b>100,000</b>	(16,074,491)	(15,974,491)	15
Bulk purchases	100,672,274	(2,700,000)	<b>97,972,274</b>	(103,846,606)	(5,874,332)	16
Contracted services	29,960,785	(2,098,548)	<b>27,862,237</b>	(37,052,367)	(9,190,130)	17
Inventory consumed	-	-	-	(141,660,722)	(141,660,722)	18
Transfers and grant expenditure	22,605,799	920,000	<b>23,525,799</b>	(7,299,791)	16,226,008	19
Operating costs	221,299,234	101,200,550	<b>322,499,784</b>	(220,761,404)	101,738,380	20
<b>Total expenditure</b>	<b>1,511,360,915</b>	<b>1,780,388</b>	<b>1,513,141,303</b>	<b>(1,675,348,358)</b>	<b>(162,207,055)</b>	
<b>Operating surplus</b>	<b>279,986,994</b>	<b>402,683,320</b>	<b>682,670,314</b>	<b>189,433,813</b>	<b>(493,236,501)</b>	
Actuarial gain	-	-	-	117,848,731	117,848,731	21
Loss on disposal of assets	-	-	-	(1,180,488)	(1,180,488)	22
	-	-	-	<b>116,668,243</b>	<b>116,668,243</b>	
<b>Surplus before taxation</b>	<b>279,986,994</b>	<b>402,683,320</b>	<b>682,670,314</b>	<b>306,102,056</b>	<b>(376,568,258)</b>	
<b>Actual Amount on Comparable basis</b>	<b>279,986,994</b>	<b>402,683,320</b>	<b>682,670,314</b>	<b>306,102,056</b>	<b>(376,568,258)</b>	

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

### Statement of Comparison of Budget and Actual Amounts

Budget on accrual basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Figures in Rand</b>						
<b>Municipality</b>						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transaction</b>						
Service charges	383,847,276	(8,783,778)	375,063,498	364,264,924	(10,798,574)	1
Rental of facilities and equipment	306,567	-	306,567	267,582	(38,985)	2
Interest earned outstanding receivables	2,815,281	-	2,815,281	65,599,065	62,783,784	3
Other income	-	282,438,578	282,438,578	3,564,061	(278,874,517)	4
Interest received - Investment	2,903,500	-	2,903,500	18,984,425	16,080,925	5
<b>Total revenue from exchange transaction</b>	<b>389,872,624</b>	<b>273,654,800</b>	<b>663,527,424</b>	<b>452,680,058</b>	<b>(210,847,366)</b>	
<b>Revenue from non - exchange transaction</b>						
<b>Transfer revenue</b>						
Government grants & subsidies	1,332,541,808	130,203,038	1,462,744,846	1,340,111,817	(122,633,029)	6
Own revenue - VAT on MIG	38,961,235	380,377	39,341,612	46,109,278	6,767,666	7
Own revenue - VAT on other grants	19,399,957	10,245,493	29,645,450	26,885,164	(2,760,286)	8
<b>Total revenue from non - exchange transaction</b>	<b>1,390,903,000</b>	<b>140,828,908</b>	<b>1,531,731,908</b>	<b>1,413,106,259</b>	<b>(118,625,649)</b>	
<b>Total revenue</b>	<b>1,780,775,624</b>	<b>414,483,708</b>	<b>2,195,259,332</b>	<b>1,865,786,317</b>	<b>(329,473,015)</b>	
<b>Expenditure</b>						
Employee related costs	836,089,557	(74,976,299)	761,113,258	(721,841,714)	39,271,545	9
Remuneration of councillors	16,033,915	(19,413)	16,014,502	(15,242,419)	772,083	10
Depreciation and amortisation	106,863,686	13,941,009	120,804,695	(129,618,457)	(8,813,761)	11
Finance costs	25,139,014	(35,600)	25,103,414	(26,002,681)	(899,267)	12
Bad debts written off	108,195,340	-	108,195,340	(246,777,489)	(138,582,149)	13
Collection costs	1,144,800	(1,144,800)	-	(802,159)	(802,159)	14
Repairs and maintenance	31,241,511	(31,241,511)	-	(16,066,770)	(16,066,770)	15
Bulk purchases	100,672,274	(2,700,000)	97,972,274	(103,846,606)	(5,874,332)	16
Contracted services	29,560,500	(2,450,263)	27,110,237	(36,393,714)	(9,283,477)	17
Inventory consumed	-	-	-	(141,660,722)	(141,660,722)	18
Transfers and grant expenditure	22,605,799	920,000	23,525,799	(9,291,577)	14,234,222	19
Operating costs	216,669,435	101,487,265	318,156,700	(233,773,788)	84,382,912	20
<b>Total expenditure</b>	<b>1,494,215,831</b>	<b>3,780,388</b>	<b>1,497,996,219</b>	<b>(1,681,318,096)</b>	<b>(183,321,877)</b>	
<b>Operating surplus</b>	<b>286,559,793</b>	<b>410,703,320</b>	<b>697,263,113</b>	<b>184,468,221</b>	<b>(512,794,892)</b>	
Actuarial gain / loss	-	-	-	117,848,731	117,848,731	21
(Loss) gain on disposal of assets	-	-	-	(1,200,625)	(1,200,625)	22
<b>Surplus for the year</b>	<b>286,559,793</b>	<b>410,703,320</b>	<b>697,263,113</b>	<b>301,116,327</b>	<b>(396,146,786)</b>	
<b>Actual Amount on Comparable basis</b>	<b>286,559,793</b>	<b>410,703,320</b>	<b>697,263,113</b>	<b>301,116,327</b>	<b>(396,146,786)</b>	

# Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Group</b>						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	8,424,226	-	8,424,226	24,819,857	16,395,631	1
Receivables from exchange transactions	236,416,844	-	236,416,844	303,960,362	67,543,518	2
Receivables from non- exchange transactions	9,775,772	-	9,775,772	8,369,345	(1,406,427)	3
VAT receivable	-	-	-	120,328	120,328	4
Cash and cash equivalents	-	23,159,059	23,159,059	200,298,857	177,139,798	5
	<b>254,616,842</b>	<b>23,159,059</b>	<b>277,775,901</b>	<b>537,568,748</b>	<b>259,792,847</b>	
<b>Non - Current Assets</b>						
Investment property	152,121,774	-	152,121,774	150,724,402	(1,397,372)	6
Property, plant and equipment	5,828,884,855	48,508,832	5,877,393,687	4,641,381,547	(1,236,012,140)	7
Intangible assets	91,387,414	-	91,387,414	26,549,858	(64,837,556)	8
Heritage assets	400,000	-	400,000	400,000	-	
Non - current investments	-	-	-	2,137,129		9
Investments in controlled entities	-	-	-	-	-	
Non - current receivables	1,710,906	-	1,710,906	1,710,803	(103)	10
	<b>6,074,504,949</b>	<b>48,508,832</b>	<b>6,123,013,781</b>	<b>4,822,903,739</b>	<b>(1,302,247,172)</b>	
<b>Total Assets</b>	<b>6,329,121,790</b>	<b>71,667,891</b>	<b>6,400,789,682</b>	<b>5,360,472,486</b>	<b>(1,042,454,325)</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Financial lease obligation	271,072,709	(271,072,709)	-	4,160	4,160	11
Payables from exchange transactions	870,488,786	-	870,488,786	466,733,782	(403,755,004)	12
Taxes and transfers payable (non - exchange)	-	-	-	9,689,040	9,689,040	13
Current tax payable	-	-	-	31,985	31,985	
Consumer deposits	2,989,539	-	2,989,539	3,056,332	66,793	14
Unspent conditional grants and receipts	-	116,239,971	116,239,971	111,694,219	(4,545,752)	15
Provisions	8,440,081	-	8,440,081	128,513,027	120,072,946	16
VAT Payable	-	-	-	78,851,828	78,851,828	17
	<b>1,152,991,115</b>	<b>(154,832,738)</b>	<b>998,158,377</b>	<b>798,574,373</b>	<b>(199,584,004)</b>	
<b>Non- current Liabilities</b>						
Financial lease obligation	-	-	-	-	-	18
Operating lease liability	327,921	-	327,921	2,542,682	2,214,761	19
Employee benefit obligation	336,154,734	-	336,154,734	169,562,863	(166,591,871)	20
	<b>336,482,655</b>	<b>-</b>	<b>336,482,655</b>	<b>172,105,545</b>	<b>(164,377,110)</b>	
<b>Total Liabilities</b>	<b>1,489,473,770</b>	<b>(154,832,738)</b>	<b>1,334,641,032</b>	<b>970,679,918</b>	<b>(363,961,114)</b>	
<b>Net Assets</b>	<b>4,839,648,020</b>	<b>226,500,629</b>	<b>5,066,148,649</b>	<b>4,389,792,568</b>	<b>(678,493,210)</b>	<b>-</b>
<b>Net assets attributable to owners of controlling entity</b>						
<b>Reserves</b>						
Accumulated surplus	4,839,648,020	226,500,629	5,066,148,649	4,389,792,570	(676,356,079)	
<b>Total Net Assets</b>	<b>4,839,648,020</b>	<b>226,500,629</b>	<b>5,066,148,649</b>	<b>4,389,792,570</b>	<b>(676,356,079)</b>	

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

### Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Figures in Rand</b>						
<b>Municipality</b>						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	8,424,226	-	8,424,226	24,819,857	16,395,631	1
Receivables from exchange transactions	236,416,844	-	236,416,844	303,960,362	67,543,518	2
Receivables from non- exchange transactions	9,775,772	-	9,775,772	8,206,603	(1,569,169)	3
VAT receivable	-	-	-	-	-	4
Cash and cash equivalents	-	23,159,059	23,159,059	190,152,984	166,993,925	5
	<b>254,616,842</b>	<b>23,159,059</b>	<b>277,775,901</b>	<b>527,139,805</b>	<b>249,363,904</b>	
<b>Non - Current Assets</b>						
Investment property	152,121,774	-	152,121,774	150,724,402	(1,397,372)	6
Property, plant and equipment	5,828,884,855	48,508,832	5,877,393,687	4,641,243,535	(1,236,150,152)	7
Intangible assets	91,387,414	-	91,387,414	26,521,361	(64,866,053)	8
Heritage assets	400,000	-	400,000	400,000	-	
Non - current investments	-	-	-	2,137,129		9
Investments in controlled entities	-	-	-	1,000	1,000	
Non - current receivables	1,710,906	-	1,710,906	1,710,803	(103)	
	<b>6,074,504,949</b>	<b>48,508,832</b>	<b>6,123,013,781</b>	<b>4,822,738,230</b>	<b>(1,302,412,681)</b>	
<b>Total Assets</b>	<b>6,329,121,790</b>	<b>71,667,891</b>	<b>6,400,789,682</b>	<b>5,349,878,034</b>	<b>(1,053,048,777)</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Financial lease obligation	271,072,709	(271,072,709)	-	4,160	4,160	10
Payables from exchange transactions	870,488,786	-	870,488,786	465,453,170	(405,035,616)	11
VAT payable	-	-	-	78,851,828	78,851,828	
Taxes and transfers payable (non - exchange)	-	-	-	9,689,040	9,689,040	12
Consumer deposits	2,989,539	-	2,989,539	3,056,332	66,793	13
Unspent conditional grants and receipts	-	116,239,971	116,239,971	108,668,589	(7,571,382)	14
Provisions	8,440,081	-	8,440,081	128,513,027	120,072,946	15
	<b>1,152,991,115</b>	<b>(154,832,738)</b>	<b>998,158,377</b>	<b>794,236,146</b>	<b>(203,922,231)</b>	
<b>Non- current Liabilities</b>						
Financial lease obligation	-	-	-	-	-	16
Operating lease liability	327,921	-	327,921	2,530,491	2,202,570	17
Employee benefit obligation	336,154,734	-	336,154,734	169,562,863	(166,591,871)	18
	<b>336,482,655</b>	<b>-</b>	<b>336,482,655</b>	<b>172,093,354</b>	<b>(164,389,301)</b>	
<b>Total Liabilities</b>	<b>1,489,473,770</b>	<b>(154,832,738)</b>	<b>1,334,641,032</b>	<b>966,329,500</b>	<b>(368,311,532)</b>	
<b>Net Assets</b>	<b>4,839,648,020</b>	<b>226,500,629</b>	<b>5,066,148,649</b>	<b>4,383,548,534</b>	<b>(684,737,244)</b>	<b>-</b>
<b>Net assets attributable to owners of controlling entity</b>						
<b>Reserves</b>						
Accumulated surplus	4,839,648,020	226,500,629	5,066,148,649	4,383,548,534	(682,600,115)	
<b>Total Net Assets</b>	<b>4,839,648,020</b>	<b>226,500,629</b>	<b>5,066,148,649</b>	<b>4,383,548,534</b>	<b>(682,600,115)</b>	

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

### Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Figures in Rand</b>						
<b>Group</b>						
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Service charges	268,693,093	32,934,635	301,627,728	56,039,620	(245,588,108)	
Grants	1,332,541,808	106,677,239	1,439,219,047	1,335,365,402	(103,853,645)	
interest income	4,874,197	844,584	5,718,781	84,783,189	79,064,408	
Other receipts	46,934,207	22,359,421	69,293,628	3,843,487	(65,450,141)	
Tax receipts	-	-	-	232,030	232,030	
	<b>1,653,043,305</b>	<b>162,815,879</b>	<b>1,815,859,184</b>	<b>1,480,263,728</b>	<b>(335,595,456)</b>	
<b>Payments</b>						
Employee costs	(1,472,396,541)	128,046,849	(1,344,349,692)	(746,900,258)	597,449,434	
Suppliers	-	-	-	(423,936,618)	(423,936,618)	
Finance costs	(25,139,014)	24,695,804	(443,210)	(26,002,681)	(25,559,471)	
Taxation	-	-	-	(1,891,568)	(1,891,568)	
Grant Returns	-	-	-	(2,781,412)	(2,781,412)	
	<b>(1,497,535,555)</b>	<b>152,742,653</b>	<b>(1,344,792,902)</b>	<b>(1,201,512,537)</b>	<b>143,280,365</b>	
<b>Net cash flows from operating activities</b>	<b>155,507,750</b>	<b>315,558,532</b>	<b>471,066,282</b>	<b>278,751,192</b>	<b>(192,315,090)</b>	<b>1</b>
<b>Cash flow from investing activities</b>						
Purchase of property, plant and equipment	(555,057,362)	(73,093,537)	(628,150,899)	(331,080,993)	297,069,906	
Proceeds from sale of property, plant and equipment	-	-	-	167,098	167,098	
Purchase of intangible assets	-	-	-	(37,267)	(37,267)	
Movement in current portion of non current receivables	-	-	-	-	-	
Increase in investments	-	-	-	0	0	
Increase in current receivables	-	-	-	-	-	
<b>Net cash flows from investing activities</b>	<b>(555,057,362)</b>	<b>(73,093,537)</b>	<b>(628,150,899)</b>	<b>(330,951,163)</b>	<b>297,199,737</b>	<b>2</b>
<b>Cash flow from financing activities</b>						
Movement in Defined benefit plan	-	-	-	61,075,498	61,075,498	
Proceeds from consumer deposits	-	-	-	38,348	38,348	
Repayment of other financial liabilities	-	-	-	(144,261)	(144,261)	
Movement in operating leases	-	-	-	1,569,897	1,569,897	
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>62,539,482</b>	<b>62,539,482</b>	<b>3</b>
Net increase/(Decrease) in cash and cash equivalents	(399,549,612)	242,464,995	(157,084,617)	10,339,511	167,424,128	
Cash and cash equivalent at the beginning of the year	128,476,903	-	128,476,903	189,959,346	61,482,443	
<b>Cash and cash equivalent at the end of the year</b>	<b>(271,072,709)</b>	<b>242,464,995</b>	<b>(28,607,714)</b>	<b>200,298,857</b>	<b>228,906,571</b>	

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

### Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Figures in Rand</b>						
<b>Municipality</b>						
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Service charges	268,693,093	32,934,635	301,627,728	56,039,620	(245,588,108)	
Grants	1,332,541,808	106,677,239	1,439,219,047	1,336,873,817	(102,345,230)	
interest income	4,874,197	844,584	5,718,781	84,446,361	78,727,580	
Other receipts	46,934,207	22,359,421	69,293,628	3,831,643	(65,461,985)	
	<b>1,653,043,305</b>	<b>162,815,879</b>	<b>1,815,859,184</b>	<b>1,481,191,441</b>	<b>(334,667,743)</b>	
<b>Payments</b>						
Employee costs	(1,472,396,541)	128,046,849	(1,344,349,692)	(737,084,133)	607,265,559	
Suppliers		-	-	(439,945,176)	(439,945,176)	
Finance costs	(25,139,014)	-	(443,210)	(26,002,681)	(25,559,471)	
Taxation		-	-	-	-	
	<b>(1,497,535,555)</b>	<b>128,046,849</b>	<b>(1,344,792,902)</b>	<b>(1,203,031,990)</b>	<b>141,760,912</b>	
<b>Net cash flows from operating activities</b>	<b>155,507,750</b>	<b>290,862,728</b>	<b>471,066,282</b>	<b>278,159,452</b>	<b>(192,906,830)</b>	<b>1</b>
<b>Cash flow from investing activities</b>						
Purchase of property, plant and equipment	(555,057,362)	(73,093,537)	(628,150,899)	(330,935,722)	297,215,177	
Proceeds from sale of property, plant and equipment	-	-	-	146,096	146,096	
Purchase of intangible assets	-	-	-	(0)	(0)	
Movement in current portion of non current receivables	-	-	-	-	-	
Increase in current receivables	-	-	-	-	-	
Increase in investments	-	-	-	0	0	
<b>Net cash flows from investing activities</b>	<b>(555,057,362)</b>	<b>(73,093,537)</b>	<b>(628,150,899)</b>	<b>(330,789,626)</b>	<b>297,361,273</b>	<b>2</b>
<b>Cash flow from financing activities</b>						
Movement in Defined benefit plan	-	-	-	61,075,498	61,075,498	
Proceeds from consumer deposits	-	-	-	38,348	38,348	
Repayment of other financial liabilities	-	-	-	(144,261)	(144,261)	
Movement in operating leases				1,569,897	1,569,897	
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>62,539,482</b>	<b>60,969,585</b>	<b>3</b>
<b>Net increase/(Decrease) in cash and cash equivalents</b>		217,769,191	217,769,191	9,909,308	(207,859,884)	
Cash and cash equivalent at the beginning of the year	195,045,741	-	195,045,741	180,243,676	(14,802,065)	
<b>Cash and cash equivalent at the end of the year</b>	<b>195,045,741</b>	<b>217,769,191</b>	<b>412,814,932</b>	<b>190,152,984</b>	<b>(222,661,948)</b>	



## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

### Appropriation Statement

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised Variance expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Figures in Rand</b>											
<b>Group - 2019</b>											
<b>Financial Performance</b>											
Service charges	383,847,276	(8,783,778)	375,063,498	-	-	375,063,498	364,264,924	-	(10,798,574)	97%	95%
Investment revenue	5,878,781		5,878,781	-	-	5,878,781	19,321,253	-	13,442,472	329%	329%
Transfers recognised - operational	829,537,078	33,376,241	862,913,319	-	-	862,913,319	819,463,147	-	(43,450,172)	95%	99%
Other own revenue	59,080,044	293,044,448	352,124,492	-	-	352,124,492	142,436,994	-	(209,687,498)	40%	241%
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>1,278,343,179</b>	<b>317,636,911</b>	<b>1,595,980,090</b>	<b>-</b>	<b>-</b>	<b>1,595,980,090</b>	<b>1,345,486,319</b>	<b>-</b>	<b>(250,493,771)</b>	<b>84%</b>	<b>105%</b>
Employee costs	847,139,557	(1,599,302,815)	(752,163,258)	-	(34,029,231)	(786,192,489)	(728,885,188)	-	57,307,301	93%	-86%
Remuneration of councillors	16,933,915	(32,048,417)	(15,114,502)	-	(376,003)	(15,490,505)	(16,496,793)	-	(1,006,288)	106%	-97%
Debt impairment	108,195,340	(216,390,680)	(108,195,340)	-	-	(108,195,340)	(246,777,489)	-	(138,582,149)	228%	-228%
Depreciation and asset impairment	107,013,686	(227,718,381)	(120,704,695)	-	3,635,520	(117,069,175)	(129,688,667)	-	(12,619,492)	111%	-121%
Finance charges	25,139,014	(50,242,428)	(25,103,414)	-	24,420,531	(682,883)	(26,002,681)	-	(25,319,798)	3808%	-103%
Material and bulk purchases	100,672,274	(198,644,548)	(97,972,274)	-	(2,731,320)	(100,703,594)	(103,846,606)	-	(3,143,012)	103%	-103%
Transfers and grants expenditure	-	-	-	-	-	-	(7,299,791)	-	(7,299,791)	0%	0%
Inventory consumed					9,941,958	9,941,958	(141,660,722)	-	(151,602,681)	0%	0%
Other expenditure	306,267,129	(670,164,781)	(363,897,652)	-	-	(363,897,652)	(274,690,421)	-	89,207,230	75%	-90%
<b>Total expenditure</b>	<b>1,511,360,915</b>	<b>(2,994,512,050)</b>	<b>(1,483,151,135)</b>	<b>-</b>	<b>861,456</b>	<b>(1,482,289,679)</b>	<b>(1,675,348,358)</b>	<b>-</b>	<b>(193,058,679)</b>	<b>113%</b>	<b>-111%</b>
<b>Surplus/ (Deficit)</b>	<b>(233,017,736)</b>	<b>3,312,148,961</b>	<b>3,079,131,225</b>	<b>-</b>	<b>861,456</b>	<b>113,690,411</b>	<b>(329,862,040)</b>	<b>-</b>	<b>(443,552,451)</b>	<b>-290%</b>	<b>142%</b>
Transfers recognised - capital	513,004,730	86,826,797	599,831,527	-	-	599,831,527	519,295,852	-	80,535,675	87%	101%
<b>Surplus / Deficit after capital transfers and contributions</b>	<b>279,986,994</b>	<b>3,398,975,758</b>	<b>3,678,962,752</b>	<b>-</b>	<b>861,456</b>	<b>713,521,938</b>	<b>189,433,812</b>	<b>-</b>	<b>(112,523,004)</b>	<b>27%</b>	<b>68%</b>
<b>Capital expenditure and funds sources</b>											
Total capital expenditure	612,983,032	83,561,538	696,544,570	-	-	696,544,570	335,474,686	-	361,069,884	48%	55%
<b>Source of capital funds</b>											
Transfers recognised - capital	570,983,032	97,422,166	668,405,198	-	-	668,405,198	519,295,852	-	149,109,346	78%	91%
Internally generated funds	42,000,000	(13,860,628)	28,139,372	-	-	28,139,372	-	-	28,139,372	0%	0%
<b>Total sources of capital funds</b>	<b>612,983,032</b>	<b>83,561,538</b>	<b>696,544,570</b>	<b>-</b>	<b>-</b>	<b>696,544,570</b>	<b>519,295,852</b>	<b>-</b>	<b>177,248,718</b>	<b>75%</b>	<b>85%</b>

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

### Appropriation Statement

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Figures in Rand											
<b>Municipality - 2019</b>											
<b>Financial Performance</b>											
Service charges	383,847,276	(8,783,778)	375,063,498	-	-	375,063,498	364,264,924		(10,798,574)	97%	95%
Investment revenue	5,718,781	-	5,718,781	-	-	5,718,781	18,984,425		13,265,644	332%	332%
Transfers recognised - operational	819,537,078	43,376,241	862,913,319	-	-	862,913,319	819,306,520		(43,606,799)	95%	100%
Other own revenue	58,667,759	293,064,448	351,732,207	-	-	351,732,207	142,425,151		(209,307,056)	40%	243%
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>1,267,770,894</b>	<b>327,656,911</b>	<b>1,595,427,805</b>	<b>-</b>	<b>-</b>	<b>1,595,427,805</b>	<b>1,344,981,020</b>		<b>(250,446,785)</b>	<b>84%</b>	<b>106%</b>
Employee costs	836,089,557	(1,597,202,815)	(761,113,258)	-	(34,029,231)	(795,142,489)	(721,841,714)		73,300,775	91%	-86%
Remuneration of councillors	16,033,915	(32,048,417)	(16,014,502)	-	(376,003)	(16,390,505)	(15,242,419)		1,148,086	93%	-95%
Debt impairment	108,195,340	(216,390,680)	(108,195,340)	-	-	(108,195,340)	(246,777,489)		(138,582,149)	228%	-228%
Depreciation and asset impairment	106,863,686	(227,668,381)	(120,804,695)	-	3,635,520	(117,169,175)	(129,618,457)		(12,449,282)	111%	-121%
Finance charges	25,139,014	(50,242,428)	(25,103,414)	-	24,420,531	(682,883)	(26,002,681)		(25,319,798)	3808%	-103%
Material and bulk purchases	100,672,274	(198,644,548)	(97,972,274)	-	(2,731,320)	(100,703,594)	(103,846,606)		(3,143,012)	103%	-103%
Inventory consumed	-	-	-	-	9,941,958		(141,660,722)		(141,660,722)	#DIV/0!	#DIV/0!
Other expenditure	301,222,045	(670,014,781)	(368,792,736)	-	-	(368,792,736)	(296,328,009)		72,464,727	80%	-98%
<b>Total expenditure</b>	<b>1,494,215,831</b>	<b>(2,992,212,050)</b>	<b>(1,497,996,219)</b>	<b>-</b>	<b>861,456</b>	<b>(1,507,076,721)</b>	<b>(1,681,318,096)</b>		<b>(174,241,375)</b>	<b>112%</b>	<b>-113%</b>
<b>Surplus/ (Deficit)</b>	<b>2,761,986,725</b>	<b>(2,664,555,139)</b>	<b>97,431,586</b>	<b>-</b>	<b>861,456</b>	<b>88,351,084</b>	<b>(336,337,076)</b>		<b>(424,688,159)</b>	<b>-381%</b>	<b>-12%</b>
Transfers recognised - capital	513,004,730	86,826,797	599,831,527	-	-	599,831,527	520,805,297		(79,026,230)	87%	102%
<b>Surplus / Deficit after capital transfers and contributions</b>	<b>3,274,991,455</b>	<b>(2,577,728,342)</b>	<b>697,263,113</b>	<b>-</b>	<b>861,456</b>	<b>688,182,611</b>	<b>184,468,221</b>	<b>-</b>	<b>(503,714,390)</b>	<b>27%</b>	<b>6%</b>
<b>Capital expenditure and funds sources</b>											
Total capital expenditure	612,983,032	83,561,538	696,544,570	-	-	696,544,570	335,474,686	-	(361,069,884)	48%	55%
<b>Source of capital funds</b>											
Transfers recognised - capital	570,983,032	97,422,166	668,405,198	-	-	668,405,198	520,805,297	-	(147,599,901)	78%	91%
Internally generated funds	42,000,000	(13,860,628)	28,139,372	-	-	28,139,372	-	-	(28,139,372)	0%	0%
<b>Total sources of capital funds</b>	<b>612,983,032</b>	<b>83,561,538</b>	<b>696,544,570</b>	<b>-</b>	<b>-</b>	<b>696,544,570</b>	<b>520,805,297</b>	<b>-</b>	<b>(175,739,273)</b>	<b>75%</b>	<b>85%</b>

# Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Appropriation Statement

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Figures in Rand</b>											
<b>Group</b>											
<b>Cash flows</b>											
Net cash from operating (used)	155,507,750	294,288,967	449,796,717	-		449,796,717	278,751,192		(171,045,525)	62%	179%
Net cash from investing (used)	(555,057,362)	(23,504,600)	(578,561,962)	-		(578,561,962)	(330,951,163)		247,610,799	57%	60%
Net cash from financing (used)	-	-	-	-		-	62,539,482		62,539,482	0%	0%
<b>Net increase /(decrease) in cash and cash equivalents</b>	<b>(399,549,612)</b>	<b>270,784,367</b>	<b>(128,765,245)</b>	<b>-</b>		<b>(128,765,245)</b>	<b>10,339,511</b>		<b>139,104,756</b>	<b>-8%</b>	<b>0%</b>
Cash and cash equivalents at the beginning of the year	128,476,903	-	128,476,903	-		<b>128,476,903</b>	189,959,346		189,959,346	0%	0%
<b>Cash and cash equivalents at the end of the year</b>	<b>(271,072,709)</b>	<b>270,784,367</b>	<b>(128,765,245)</b>	<b>-</b>		<b>(128,765,245)</b>	<b>200,298,857</b>		<b>329,064,102</b>	<b>-156%</b>	<b>0%</b>

# Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Appropriation Statement

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Figures in Rand</b>											
<b>Municipality</b>											
<b>Cash flows</b>											
Net cash from operating (used)	155,507,750	294,288,967	449,796,717	-		449,796,717	278,159,452		(171,637,265)	62%	179%
Net cash from investing (used)	(555,057,362)	(23,504,600)	(578,561,962)	-		(578,561,962)	(330,789,626)		247,772,336	57%	60%
Net cash from financing (used)	-	-	-	-			62,539,482		62,539,482	0%	0%
<b>Net increase /(decrease) in cash and cash equivalents</b>	<b>(399,549,612)</b>	<b>270,784,367</b>	<b>(128,765,245)</b>	<b>-</b>		<b>(128,765,245)</b>	<b>9,909,308</b>		<b>138,674,553</b>	<b>-8%</b>	<b>0%</b>
Cash and cash equivalents at the beginning of the year	128,476,903	-	180,243,676	-		<b>180,243,676</b>	180,243,676		180,243,676	0%	0%
<b>Cash and cash equivalents at the end of the year</b>	<b>(271,072,709)</b>	<b>270,784,367</b>	<b>(128,765,245)</b>	<b>-</b>		<b>(128,765,245)</b>	<b>190,152,984</b>		<b>318,918,229</b>	<b>-148%</b>	<b>0%</b>

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

### Accounting Policies

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#### 1. Basis of presentation

The consolidated annual financial statements have been prepared in accordance with the Standard of Generally Recognised Accounting Practice ( GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act ( Act 56 of 2003)

These consolidated annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions , events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP. These accounting policies are consistent with the previous period, unless specified otherwise.

#### 1.1 Presentation currency

These consolidated annual financial statements are in South African Rand, which is the functional currency of the group. The amounts in the consolidated annual financial statements are rounded to the nearest rand.

#### 1.2 Going concern assumption

These consolidated annual financial statements have been prepared on the expectation that the group will continue to operate as a going concern for at least the next 12 months.

#### 1.3 Consolidation

##### Basis of consolidation

Consolidated annual financial statements are the annual financial statements of the group presented as those of a single entity.

The consolidated annual financial statements incorporate the annual financial statements of the municipality and all controlled entities which are controlled by the municipality.

Control exists when the municipality has the power to govern the financial and operating policies of another entity so as to obtain benefits from its activities .

The annual financial statements of the municipality and its controlled entity used in the preparation of the consolidated annual financial statements are prepared as of the same reporting date.

Adjustments are made when necessary to the annual financial statements of the controlled entity to bring its accounting policies in line with those of the municipality.

All intra-entity transactions, balances, revenues and expenses are eliminated in full on consolidation.

#### 1.4 Significant judgements and sources of estimation uncertainty

In preparing the consolidated annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the consolidated annual financial statements. Significant judgements include:

##### Estimates

Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.

##### Pension and other post - employment benefits

The cost of defined benefit pension plans, other employment medical benefits and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

For key actuarial assumptions, refer to note 10 " Employee Benefit obligations "

##### Depreciation and Amortisation

Depreciation and amortisation recognised on property , plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's condition, expected condition at the end of the period of use, its current use , expected future use and the municipality's expectations about the availability of finance to replace the asset at end of its useful life. In evaluating how the condition and use of the asset informs the useful life and residual value management considers the impact of technology and minimum service requirements of the assets.

#### Infrastructure assets

The determination of the fair value of the water infrastructure assets is based upon assumptions and professional judgement applied by consulting engineers using best engineering practice and industry norms and standards.

The following assumptions have been made in the compilation of the low data confidence infrastructure asset register:

- The construction year is estimated using sources in the following order of precedence : available technical records, interviewing of operations staff, comparison with adjacent infrastructure. When the date of acquisition is not known and the construction year is estimated, the acquisition date is assumed to be the 1st day of January in the year of construction.
- The consumption of the benefits of infrastructure assets are predominately uniform over the life of the assets.
- The depreciation is therefore assumed to be straight line for all infrastructure assets.
- The residual value of all civil infrastructure assets is negligible as there is no open market for the materials used in civil infrastructure and the realizable value is very small. The scrap value of mechanical and electrical plant is also negligible.
- The remaining Useful Life was estimated using a combination of visual inspection and information on asset performance provided by operations staff. For hidden assets, such as pipes , the assessment is based on the age of the pipe and information on performance from the operations staff.

#### Allowance for doubtful debts

The measurement of receivables is derived after consideration of the allowance for doubtful debts. Management makes certain assumptions regarding the categorisation of debtors into groups with risk profiles so that the effect of any impairment on a group of receivables would not differ materially from the impairment that would have been determined had each debtor been assessed for impairment on an individual basis. The determination of this allowance is predisposed to the utilisation of estimates, assumptions and management judgements . In determining this allowance the estimates are made about the probability of recovery of the debtors based on their past payment history and risk profile.

#### Inventory - Water Stock

The estimation of the water stock in the reservoirs and pipelines is based on an assumption of the network reticulation capacity at year end. Any existing drought conditions are also taken into consideration where applicable. The water stock on hand has been estimated using engineering best practice and industry norms and standards.

#### Impairments of non-financial assets

In testing for, and determining the value-in-use of non-financial assets, management is required to rely on the use of estimates about the asset's ability to continue to generate cash flows ( in the case of cash-generating assets ). For non-cash-generating assets, estimates are made regarding the depreciated replacement cost, restoration cost, or service units of the asset, depending on the nature of the impairment and availability of information.

#### Provisions and contingent liabilities

Management's judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are measured as the present value of the estimated future outflows required to settle the obligation. In the process of determining the best estimate of the amounts that will be required in future to settle the provision management considers the weighted average probability of the potential outcomes of the provisions raised. Provisions are discounted where the effect of discounting is material.

Accounting Policies

Taxation

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid is in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset

Current tax is recognised as income or an expense and included in surplus or deficit for the year, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, outside surplus or deficit, directly in equity, or a business combination.

Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Operating lease - Municipality as lessor

The municipality has entered into commercial property leases on its investment property portfolio. The municipality has determined that it retains all the significant risks and rewards of ownership of these properties and thus accounts for them as operating leases. Payments received under operating leases are recognised in the statement of financial performance on a straight-line basis over the period of the lease.

Environmental rehabilitation provisions

The municipality operates a landfill site and has made critical assumptions for estimating the life expectancy and rehabilitation costs of the site.

1.5 Investment property

Investment property includes property (land or a building, or part of a building, or both land or buildings under a finance lease) held to earn rentals and /or for capital appreciation rather than held to meet service delivery objectives or sale in the ordinary course of business. Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

Investment property is initially recognised when future benefits are probable and the cost or fair value can be determined reliably.

At initial recognition, the group measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. The cost of day to day servicing of investment property is recognised in the Statement of Financial Performance as incurred.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated. Investment properties are written down as a result of impairment, where considered necessary. Depreciation begins when the asset is available for use. Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. Investment property includes land held with an indefinite use. This land is recognised at fair value on the date of recognition

Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property, which is as follows:

Item	Useful life Property
Property - land	indefinite
Property - building	30 years

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal. The investment property's residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate at each financial year-end.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable. Property interests held under operating leases are classified and accounted for as investment property in the following circumstances. When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature opt type of properties classified as held for strategic purposes, are as follows. The group separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note 3). The group discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note 3).

Impairments

The group tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an Investment Property is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance. An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

1.6 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one reporting period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the group; and
- the cost or fair value of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or assets, or a combination of assets and non-monetary assets, the asset acquired is initially measured at fair value (the cost).

If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

## Amathole District Municipality

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### Accounting Policies

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

#### Subsequent measurement

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land	Indefinite Life
Buildings	30 years
Furniture and fixtures	7 to 10 years
Motor vehicles	
• Vehicle	5 years
• Specialised Vehicles	3 to 20 years
Office equipment	3 to 7 years
• IT equipment	
IT equipment	3 to 5 years
Infrastructure	
• Roads and paving's	10 to 30 years
• Sewerage Mains and Purification Works	4 to 55 years
• Water Supply and Reticulation	3 to 94 years
Community	
• Libraries	30 years
• Buildings	30 years
• Community Centres	20 years
• Recreational Facilities	30 years
Other property, plant and equipment	
• Specialised Plant and Equipment	5 to 15 years
• Emergency and Medical Equipment	5 to 15 years
Ancillary fleet equipment and security	
• Security Equipment	3 to 5 years
Bins and containers	5 to 10 years
• Other Items	2 to 5 years
Leased Assets	3 to 5 years

The residual value, the useful life and depreciation method of each asset are reviewed at least at end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. The group maintains and acquires assets to provide a social service to the community, with no intention of disposing the assets for any economic gain, and thus no residual values are determined other than for motor vehicles.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset. Depreciation of an asset commences when the asset is ready for its use as intended by management. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or where appropriate, the term of the relevant lease, and are recognised in the statement of financial performance.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use or disposal of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

#### Site rehabilitation and restoration costs

Where the group has an obligation to rehabilitate and restore items of property, plant and equipment such obligations are referred to as "rehabilitation provisions". The cost of an item of property, plant and equipment includes the initial estimate of the costs of rehabilitation and restoring the site on which it is located, the obligation for which the group incurs either when the item is acquired or as a consequence of having used the item during a particular period.

As the related asset is measured using the cost model: -

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the group considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

#### Impairments

The group tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), its written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance. Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

#### 1.7 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the group; and
- the cost or fair value of the asset can be measured reliably.

The group assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

## Amathole District Municipality

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### Accounting Policies

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

#### Subsequent Measurement

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments.

The cost of an intangible asset is amortised over the useful life where that useful life is finite. The amortisation expense on intangible assets with finite lives is recognised in the statement of financial performance under expenses consistent with the function of the intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	3 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance. Amortisation shall commence when the asset is available for the intended use.

Amortisation of the asset begins when the development is complete and the asset is available for use.

The amortisation period, the amortisation method and the residual value for intangible assets with finite useful lives are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance. The residual value of intangible assets is estimated to be nil. The group discloses relevant information relating to assets under construction, in the notes to the financial statements (see note 5)

#### Impairments

The group tests intangible assets with finite useful lives for impairment where there is an indication that an asset maybe impaired. An assessment of whether there is an indication of possible impairment is performed at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance. The group does not hold any intangibles with indefinite useful lives,

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

#### 1.8 Heritage assets

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an group's operations that is shown as a single item for the purpose of disclosure in the consolidated annual financial statements.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations. The group separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note 6). The group discloses relevant information relating to assets under construction or development in the notes to the annual financial statements (see note 6).

#### Recognition

The group recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the group, and the cost or fair value of the asset can be measured reliably.

#### Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

#### Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

#### Impairment

The group assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the group estimates the recoverable amount or the recoverable service amount of the heritage asset.

#### Derecognition

The group derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

#### 1.9 Investments in controlled entities

##### Group consolidated annual financial statements

Subsidiaries are all controlled entities over which the municipality has ownership control or effective control to govern the financial and operating policies of such control entities so as to benefit from its activities.

Controlled entities are fully consolidated from the date on which control is transferred to the Municipality, and are carried at cost. Investments in municipal entities under the ownership control of the Municipality are carried at cost. Separate consolidated financial statements are prepared to account for the Municipality's share of net assets and post acquisition results of these investments.

The municipality commences accounting for an investment in a subsidiary from the date that control exists and discontinues the application when it no longer has control over the subsidiary.

##### Municipality annual financial statements

In the municipality's separate annual financial statements, investments in controlled entities are carried at cost less any accumulated impairment.

#### 1.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment. A concessionary loan is a loan granted to or received by municipality on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the municipality shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life

of a financial instrument (or group of financial instruments), the municipality shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).



Accounting Policies

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm’s length transaction.

- A financial asset is:
- cash;
  - a residual interest of another entity; or
  - a contractual right to:
    - receive cash or another financial asset from another entity; or
    - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

- A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
  - exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

- Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:
- the entity designates at fair value at initial recognition; or
  - are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

- Financial instruments at fair value comprise financial assets or financial liabilities that are:
- derivatives;
  - combined instruments that are designated at fair value;
  - instruments held for trading. A financial instrument is held for trading if:
    - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
    - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
    - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
    - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The group has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Non current receivables	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables	Financial asset measured at amortised cost
Other receivables	Financial asset measured at amortised cost
Investments	Financial asset measured at amortised cost

The group has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade payables	Financial liability measured at amortised cost
Other payables	Financial liability measured at amortised cost

Initial recognition

The group recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The group recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities.

The group measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

The group measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm’s length exchange motivated by normal operating considerations. Valuation techniques include using recent arm’s length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the group calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The group does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

## Amathole District Municipality

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### Accounting Policies

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#### Offsetting

The group does not offset a financial asset and a financial liability unless a legally enforceable rights to set off the recognised amounts, currently exist and the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

#### Impairment of financial assets

The group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

#### Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

#### Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

#### Receivables

Receivables are classified as financial assets at amortised cost less provision for impairment. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivables is impaired. Bad debts are written off in the year in which they are identified as irrecoverable, subject to the approval of the necessary delegated authority. Impairments are determined by discounting expected future cash flows to their present value. Amounts receivable within 12 months from the date of reporting are classified as current. An impairment of receivables is accounted for by reducing the carrying amount of receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited in the Statement of Financial Performance. Interest is charged on overdue amounts.

#### Derecognition

##### Financial assets

The group derecognises financial assets using trade date accounting. The group derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the group :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

##### Financial liabilities

The group removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another municipality by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

#### Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the municipality currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the municipality does not offset the transferred asset and the associated liability.

#### Policies relating to specific financial instruments

##### Investment at amortised cost

Investments, which include [listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks] are categorised as financial instruments at amortised cost and are subsequently measured at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

##### Investment at cost

Investment at cost, which represent investments in residual interest for which there is no quoted market price and for which fair value cannot be measured reliably, are subsequently measured at cost.

##### Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

##### Trade and other receivables

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost, less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account.

Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

## Amathole District Municipality

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### Accounting Policies

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#### Trade and other payables

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest rate method.

#### Borrowings and other financial liabilities

Borrowings are recognised initially at fair value, net of transaction cost incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction cost) and the redemption value is recognised in the statement of financial performance over the period of the borrowings using the effective interest method. Long term borrowings are non-derivative financial loans and the municipality does not hold financial loans for trading purposes. Long term borrowings are utilised solely for funding capital projects.

#### Loans and Receivables

Loans and Receivables are measured initially and subsequently at amortised cost any difference between the proceeds (net of transaction cost) and redemption value is recognised in the statement of financial performance. Loans and Receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

#### 1.11 VAT

The municipality accounts for value added tax on the payments basis.

#### 1.12 Leases

##### Finance leases - group as a lessee

###### Recognition

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality through the lease agreement. Assets subject to finance to finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

Assets subject to operating leases, i.e. those leases where substantially all of the risks and rewards of ownership are not transferred to the lessee through the lease, are not recognised in the Statement of Financial Position. The operating lease expense is recognised over the course of the lease arrangement.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: namely whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

###### Measurement

Assets subject to a finance lease, as recognised in the statement of financial position, are measured (at initial recognition) at the lower of the fair value of the assets and the present value of the of the future minimum lease payments. The finance lease liability recognised at initial recognition is measured at the present value of the future minimum lease payments. Subsequent to initial recognition this liability is carried at amortised cost, with the lease payments being set off against the capital and accrued interest. The allocation of the lease payments between the capital and interest portion of the liability is effected through the application of the effective interest method.

The finance charges resulting from the finance lease are expensed, through the Statement of Financial Performance, as they accrue. The finance cost accrual is determined using the effective interest method.

The lease expense recognised for operating leases is charged to the Statement of Financial Performance on a straight - line basis over the term of the relevant lease. To the extent that the straight-lined lease payments differ from the actual lease payments the difference is recognised in the Statement of Financial Position as either lease payments in advance (operating lease asset) or lease payments payable (operating lease liability) as the case may be. This resulting asset and / or liability is measured as the undiscounted difference between the straight -line lease payments and the contractual lease payments.

###### Derecognition

The finance lease liabilities are derecognised when the group's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the municipality no longer expects any economic benefits or service potential to flow from the asset.

The operating lease liability is derecognised when the group's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the municipality no longer anticipates economic benefits to flow from the asset.

##### Subsequent measurement

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

##### Operating leases - group as a lessor

Income for leases is disclosed under revenue in statement of financial performance.

###### Recognition

For those leases classified as operating leases the asset subject to the lease is not derecognised and no lease receivable is recognised at the inception of the lease. Lease payments received under an operating lease are recognised as income, in the Statement of Financial Performance, in the period that the income accrues.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date; namely, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

###### Measurement

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined lease payments and the contractual lease payments are recognised as either an operating lease asset or operating lease liability. An operating lease liability is raised to the extent that lease payments are received in advance (i.e. the straight-line lease payments are more than the contractual lease payments) The operating lease asset and / or operating lease liability are measured as the undiscounted difference between the straight-line lease receipts and the contractual lease receipts.

###### Derecognition

Operating lease liabilities are derecognised when the group's obligation to provide economic benefits or service potential under the lease agreement expires. Operating lease assets are derecognised when the group's right to the underlying cash flows expires or the municipality no longer expects economic benefits to flow from the operating lease asset.

##### Operating leases - group as a lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. The liability or asset is not discounted. Any contingent rents are expensed in the period they are incurred.

#### 1.13 Inventories

##### Initial recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

##### Subsequent measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. The basis of determining cost is the first-in-first-out (FIFO) method. Redundant and slow-moving inventories are identified and written down from cost to net realisable value. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

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#### Housing inventory

Housing development inventory is measured at cost on the first-in, first-out basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs. The carrying amount of these inventories held for distribution is recognised as an expense when beneficiaries take occupation of the houses.

Housing development funding received is recognised as revenue and expenditure on the Statement of Financial Performance to the extent that the group has complied with any of the criteria, obligations or conditions of the grant.

#### Water inventory

The cost of water purchased and own water not yet sold in the Statement of financial position comprises the purchase price, import duties, and other taxes and transport, handling and other costs attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the cost of purchase. The estimation of the water stock in the reservoirs and pipelines is based on an assumption of the water reticulation network capacity at year end.

#### VIP toilets inventory

VIP toilets inventory is measured at cost on the first-in, first-out basis.

The carrying amount of these inventories held for distribution is recognised as an expense when the beneficiaries take occupation of the VIP structures. Grant funding received is recognised as in the Statement of Financial Performance to the extent that the municipality has complied with any of the criteria, obligations or conditions of the grant.

#### Derecognition

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

#### 1.14 Impairment of cash-generating assets

The group classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. All other assets are classified as non-cash generating assets.

The group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable service amount of the asset in order to determine the extent of the impairment loss (if any).

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. The value in use is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalue asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

The group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

#### Identification

##### Basis for estimates of future cash flows

In measuring value in use the group:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

##### Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the group expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

#### Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

#### Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the group recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the group determines the recoverable amount of the cash generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash generating unit are affected by internal transfer pricing, the group use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

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An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

#### Reversal of impairment loss

The group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

#### Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

#### 1.15 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the group with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets. Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the group; or
- (b) the number of production or similar units expected to be obtained from the asset by the group.

#### Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The group assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the group estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

#### Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

#### Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the group would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an oversized or overcapacity asset. Oversized assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

#### Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the group recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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#### Reversal of an impairment loss

The group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the group estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

#### 1.16 Environmental Rehabilitation Provisions

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure are based on the Group's policy, taking into account current technological, environmental and regulatory requirements.

The provision for rehabilitation is recognised as and when the environmental liability arises. In so far as the obligations relate to assets, they are capitalised as part of the cost of those assets. Any unwinding of discount is charged to the statement of financial performance.

#### 1.17 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an group after deducting all of its liabilities.

#### 1.18 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

#### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cell phones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The group measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The group recognises the expected cost of bonus, incentive and performance related payments when the group has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the group has no realistic alternative but to make the payments.

#### Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an municipality provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

#### Multi-employer plans

The group classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the group accounts for in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the municipality account for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the group accounts for the plan as if it was a defined contribution plan.

#### Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the group pays fixed contributions into a separate (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the group during a reporting period, the group recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an group recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

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#### Post-employment benefits : Defined benefits plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement. Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits.

Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The group accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the groups' informal practices. Informal practices give rise to a constructive obligation where the group has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the group's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The group determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the consolidated annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The group recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The group uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The group offsets an asset relating to one plan against a liability relating to another plan when the group has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

#### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
  - those changes were enacted before the reporting date; or
  - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

#### Other post retirement obligations

The group provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The group also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The group shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

#### Medical Aid: Continued Members

The group provides post retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds, with which the group is associated, a member ( who is on the current conditions of service), on retirement, is entitled to remain a continued member of such a medical aid fund, in which case the member is liable for 30% of the medical aid membership fee, and the group for the remaining 70%. Assumption about the medical costs take into account estimated future changes in cost medical services, resulting from both inflation and specific changes in medical costs.

Actuaries are used to determine the obligation on an annual basis. The actuarial gain or loss is recognised in surplus or deficit.

#### Other Long Term Employee Benefits

The group provides long-term incentives to eligible employees, payable on completion of years of employment. The group's liability is based on an actuarial valuation. The Projected Unit Credit Method has been used to value the obligation.

Actuarial gains and losses on long term incentives are accounted for in surplus or deficit. The group offers employees long service awards for every five years of services completed, from five years of service to 45 years of service, inclusive.

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

### Accounting Policies

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#### 1.19 Provisions and contingencies

Provisions are recognised when:

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed unless the possibilities of outflow resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefit is probable.

#### 1.20 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the group receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

##### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

##### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the group has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### Rendering of Services

Service income is recognised on an invoice basis. Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. The adjustments are recognised as revenue in the invoicing period. Revenue arising from consumption of water and sanitation in the month of June is fully accounted for whether invoiced or not. Revenue arising from the application of the approved tariffs, fees and charges is generally recognised when the relevant service is rendered. Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from the council and are levied monthly. Revenue arising from fire services is based on set basic tariffs.

##### Interest, rentals and agency services

Interest are recognised in the Statement of Financial Performance on a time proportionate basis, which takes into account the effective yield on the investment.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

#### 1.21 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the group received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the group. Where public contributions have been received but the group has not met the related conditions, a liability is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the group.

Grants transferred and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is not a corresponding liability in respect of related conditions.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is probable.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

##### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the group satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

##### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the group.

When, as a result of a non-exchange transaction, the group recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

##### Grants, transfers and donations

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria, conditions and obligations embodied in the agreement. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional and funds are invested until utilised. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder, it is recorded as part of the creditor. If it is the group's interest, it is recognised as interest earned in the Statement of Financial Performance.

##### Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the group and the fair value of the assets can be measured reliably.



## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

### Accounting Policies

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#### 1.22 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

#### 1.23 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

#### 1.24 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds. Borrowing costs are recognised as an expense in the period in which they are incurred.

#### 1.25 Translation of foreign currencies

##### Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the rate of exchange ruling on the date of the transactions. Exchange differences arising on the settlement of creditors or on reporting of creditors at rates different from those at which they were initially recorded are expensed. Transaction in foreign currency are accounted for at the exchange ruling on the date of transaction.

Gains and losses arising on the translation are dealt with in the Statement of Financial Performance in the year in which they occur.

#### 1.26 Surplus/deficit

##### Gains and Losses

Gains and losses arising from fair value adjustments on investments and loans, and from the disposal of assets, are presented separately from other revenue in the Statement of Financial Performance, income, expenditure, gains and losses are recognised in surplus or deficit except for the exceptional cases where recognition directly in the net assets is especially allowed by a Standard of GRAP.

#### 1.27 Comparative figures

##### Current year comparatives (budget)

Budget information in accordance with GRAP 1 and 24, has been provided as separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanations and comments to material differences are provided in the notes to the annual financial statements. In addition a note has been added to the Consolidated annual financial statements, for the current financial year only. The annual budget figures included in the annual financial statements are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan (IDP). The approved budget covers the fiscal period from 01/07/2018 to 30/06/2019. The consolidated annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of Comparison of budget and actual amounts. Comparative information is not required.

##### Prior year comparatives

When the presentation or classification of items in the consolidated annual financial statements is amended, prior period comparative amounts are reclassified and restated. The nature and reason for the reclassification and restatement are disclosed in the Notes to the Consolidated Annual Financial Statements. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. The presentation and classification of items in the current year is consistent with prior periods.

#### 1.28 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, group or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003) Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### 1.29 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

#### 1.30 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003) the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of group's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### 1.31 Use of estimates

The preparation of consolidated annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated annual financial statements are disclosed in the relevant sections of the consolidated annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

#### 1.32 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

#### 1.33 Conditional grants and receipts

Government grants and other grants are recognised as revenue when:

- (a) it is probable that the economic benefits or service potential associated with the transaction will flow to the group,
  - (b) the amount of the revenue can be measured reliably, and
  - (c) to the extent that there has been compliance with any restrictions associated with the grant Income received from conditional grants, donations and subsidies are recognised to the extent that the group has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised and funds invested until it is utilised. Interest earned on the investment is treated in accordance with the grant conditions. If it is payable to the funder it is recorded as part of the creditor.
- Income is transferred to the Statement of Financial Performance as revenue to the extent that the criteria, conditions or obligations have been met.

#### 1.34 Related parties

The group has processes and controls in place to aid in the identification of related parties. A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party or vice versa, or an entity that is subject to common control, or jointly control. Related party relationships where control exists are disclosed regardless of whether any transactions took place between the parties during the reporting period.

Where transactions occurred between the group any one or more related parties, and those transactions were not within:

- normal supplier and/ or client/ recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the group to have adopted if dealing with that individual group or persons in the same circumstances and;
- terms and conditions within the normal operating parameters established by the reporting group's legal mandate;

Further details about those transactions are disclosed in the notes to the financial statements.

The municipality has a related party relationship with its subsidiary Amathole Economic Development Agency (SOC) Limited t/a ASPIRE. Subsidiaries are entities controlled by the municipality. The existence and effect of potential voting rights that are currently exercisable are convertible without restriction are considered when assessing whether the group controls the other entity. Subsidiaries are consolidated from the date that effective control is transferred to the group and are no longer consolidated from the date the effective control ceases. Related party transactions are conducted on arms length basis with terms comparable to transactions with third parties.

Management is regarded as a related party and comprises the councillors, Executive Mayor, Mayoral Committee Members, Municipal Manager and Executive Directors.

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

### Accounting Policies

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#### 1.35 Commitments

A commitment is the group's intention to commit to an outflow of its resources embodying economic benefits. The group is committed under obligations for goods and services, which have been contracted for on or before the reporting date, but not yet received or completed at year end. Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes. Approved and contracted commitments represent expenditure that has been approved and the contract has been awarded at the reporting date.

#### 1.36 Tax

##### Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

##### Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus or deficit for the period, except to the extent that the tax arises from:

- ☐ a transaction or event which is recognised, in the same or a different period, to net assets; or
- ☐ a business combination.

Current tax and deferred taxes are charged or credited to net assets if the tax relates to items that are credited or charged, in the same or a different period, to net assets.

#### 1.37 Post balance sheet events

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date). The group will adjust the amounts recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The group will disclose the nature of the event and an estimate of its financial effect, or a statement that such an estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2019	2018	2019	2018
		Restated		Restated
	R	R	R	R

#### 2. New standards and interpretations

##### 2.1 Standards and interpretations issued, but not yet effective

The group has not applied the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 July 2018 or later periods

Standard / Interpretation :	Effective date : Years beginning on or after	Expected impact :
GRAP 18 : Segment Reporting	01 April 2019	No effective date has been determined by the Minister of Finance. The Standard requires the identification and aggregation of the municipality into reportable segments. For each of the reportable segments. For each of the reportable segments identified details of the financial performance will be disclosed. The precise impact of this on the financial statements of the municipality is still being assessed but it is expected that this will only result in additional disclosures without affecting the underlying accounting.
GRAP 20 : Related parties	01 April 2019	The municipality has based its accounting policy on this standard, hence it is unlikely that the standard will have a material impact on the annual financial statements.
GRAP 32 : Service Concession Arrangements: Grantor	01 April 2019	The effective date has been determined by the Minister of Finance. It is unlikely that the standard will have a material impact on the annual financial statements.
GRAP 108: Statutory Receivables	01 April 2019	The effective date has been determined by the Minister of Finance. It is unlikely that the standard will have a material impact on the annual financial statements.
GRAP 109: Accounting Principles and Agents	01 April 2019	The effective date has been determined by the Minister of Finance. It is unlikely that the standard will have a material impact on the annual financial statements.
IGRAP 17 : Service Concession Arrangement where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2019	The effective date has been determined by the Minister of Finance. It is unlikely that the standard will have a material impact on the annual financial statements.
IGRAP 17 : Recognition and derecognition of land	01 April 2019	The effective date has been determined by the Minister of Finance. It is unlikely that the standard will have a material impact on the annual financial statements.

#### 3. Investment property

Group	2019			2018		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	155,210,848	(4,486,446)	150,724,402	155,210,848	(4,129,090)	151,081,758

Municipality	2019			2018		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	155,210,848	(4,486,446)	150,724,402	155,210,848	(4,129,090)	151,081,758

##### Reconciliation of Investment property - Group 2019

	Opening balance	Transfers received	Depreciation	Total
Investment property	151,081,758	-	(357,356)	150,724,402

##### Reconciliation of Investment property - Group 2018

	Opening balance	Transfers received	Depreciation	Total
Investment property	151,439,114	-	(357,356)	151,081,758

##### Reconciliation of Investment property - Municipality 2019

	Opening balance	Transfers received	Depreciation	Total
Investment property	151,081,758	-	(357,356)	150,724,402

##### Reconciliation of Investment property - Municipality 2018

	Opening balance	Transfers received	Depreciation	Total
Investment property	151,439,114	-	(357,356)	151,081,758

##### Pledged as security

There were no properties pledged as security:

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Comparative figures have been restated. Refer Note 47

Rental income from investment property	267,582	308,026	267,582	308,026
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Refer to **Note for 44** lease commitments

**Amathole District Municipality**

Consolidated Annual Financial Statements for the year ended 30 June 2019

**Notes to the Consolidated Annual Financial Statements**

	Group			Municipality		
	2019	2018		2019	2018	
	R	Restated		R	Restated	
<b>4. Property, plant and equipment</b>						
<b>Group</b>	<b>2019</b>	<b>2018</b>				
		<b>Restated</b>				
	<b>Cost</b>	<b>Accumulated depreciation and accumulated impairment</b>	<b>Carrying value</b>	<b>Cost</b>	<b>Accumulated depreciation and accumulated impairment</b>	<b>Carrying value</b>
Land	5,325,092	-	5,325,092	5,325,092	-	5,325,092
Solid waste	3,957,980	(1,384,887)	2,573,093	3,957,980	(1,187,123)	2,770,857
Operational buildings	31,188,518	(8,705,074)	22,483,444	31,188,518	(4,355,178)	26,833,340
Sanitation	279,031,887	(84,347,193)	194,684,694	283,100,209	(77,123,644)	205,976,565
Water supply	5,145,241,349	(843,548,544)	4,301,692,805	4,825,084,264	(760,044,025)	4,065,040,239
Finance leased assets	566,556	(566,556)	-	566,556	(447,320)	119,236
Community	41,037,065	(2,057,098)	38,979,967	40,379,728	(575,041)	39,804,687
Computer Equipment	45,130,041	(23,599,505)	21,530,536	44,925,536	(17,464,508)	27,461,028
Furniture and fittings	21,656,199	(13,593,527)	8,062,672	21,670,557	(11,048,414)	10,622,143
Machinery and equipment	7,061,684	(5,263,293)	1,798,391	6,947,725	(3,404,170)	3,543,555
Transport assets	100,800,709	(56,549,856)	44,250,853	89,055,727	(48,348,958)	40,706,769
<b>Total</b>	<b>5,680,997,080</b>	<b>(1,039,615,533)</b>	<b>4,641,381,547</b>	<b>5,352,201,892</b>	<b>(923,998,381)</b>	<b>4,428,203,234</b>

**Property, plant and equipment**

	2019			2018		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	5,325,092	-	5,325,092	5,325,092	-	5,325,092
Solid waste	3,957,980	(1,384,887)	2,573,093	3,957,980	(1,187,123)	2,770,857
Operational buildings	31,188,518	(8,705,074)	22,483,444	31,188,518	(4,355,178)	26,833,340
Sanitation	279,031,887	(84,347,193)	194,684,694	283,100,209	(77,123,644)	205,976,565
Water supply	5,145,241,349	(843,548,544)	4,301,692,805	4,825,084,264	(760,044,025)	4,065,040,239
Finance leased assets	566,556	(566,556)	-	566,556	(447,320)	119,236
Community	41,037,065	(2,057,098)	38,979,967	40,379,728	(575,041)	39,804,687
Computer Equipment	44,650,383	(23,228,802)	21,421,581	44,557,166	(17,101,396)	27,455,770
Furniture and fittings	21,215,491	(13,175,806)	8,039,685	21,227,962	(10,648,516)	10,579,446
Machinery and equipment	6,980,759	(5,188,438)	1,792,321	6,865,473	(3,329,008)	3,536,465
Transport assets	100,800,709	(56,549,856)	44,250,853	89,055,727	(48,348,958)	40,706,769
	<b>5,679,995,789</b>	<b>(1,038,752,254)</b>	<b>4,641,243,535</b>	<b>5,351,308,675</b>	<b>(923,160,209)</b>	<b>4,428,148,189</b>

**Reconciliation of property, plant and equipment - Group 2019**

	Opening balance	Additions	Disposal	Transfers	Under constructions: Work In Progress	Impairment	Depreciation	Closing Carrying Value
Land	5,325,092	-	-	-	-	-	-	5,325,092
Solid waste	2,770,721	-	-	-	-	-	(197,764)	2,572,957
Operational buildings	26,833,339	-	-	-	-	(3,822,701)	(527,195)	22,483,443
Sanitation	201,181,472	105,027	-	-	621,743	(233,382)	(6,990,168)	194,684,692
Water supply	4,065,040,239	69,442,284	-	-	250,714,801	(1,091,667)	(82,412,853)	4,301,692,804
Community	39,804,687	-	-	-	657,337	(1,357,476)	(124,582)	38,979,966
Finance leased assets	119,236	-	-	-	-	-	(119,236)	-
Computer Equipment	27,461,029	340,000	(69,913)	-	-	(2,065,685)	(4,134,895)	21,530,536
Furniture and fittings	10,622,144	-	(5,841)	-	-	(835,441)	(1,718,188)	8,062,674
Machinery and equipment	3,543,554	120,786	(373)	-	-	(1,340,969)	(524,609)	1,798,389
Transport assets	40,706,769	13,617,978	(1,125,363)	-	-	(91,276)	(8,857,255)	44,250,853
	<b>4,423,408,282</b>	<b>83,626,075</b>	<b>(1,201,490)</b>	<b>-</b>	<b>251,993,881</b>	<b>(10,838,597)</b>	<b>(105,606,745)</b>	<b>4,641,381,406</b>

**Reconciliation of property, plant and equipment - Group 2018**

	Opening Carrying Value	Additions	Disposal	Transfers	Under constructions: Work In Progress	Impairment	Depreciation	Closing Carrying Value
Land	5,325,092	-	-	-	-	-	-	5,325,092
Solid waste	2,968,620	-	-	-	-	-	(197,899)	2,770,721
Operational buildings	27,360,534	-	-	-	-	(3,822,701)	(527,195)	26,833,339
Sanitation	203,475,196	73,657	-	-	9,411,816	(233,382)	(6,984,105)	205,976,564
Water supply	3,785,055,561	535,165	-	-	360,056,494	(1,091,667)	(80,606,981)	4,065,040,239
Community	37,776,931	-	-	-	2,152,338	(1,357,476)	(124,582)	39,804,687
Finance leased assets	736,289	-	-	-	-	-	(617,053)	119,236
Computer Equipment	31,518,112	585,960	(107,770)	-	-	(498,115)	(4,037,158)	27,461,029
Furniture and fittings	12,353,172	79,480	(43,245)	-	-	(18,118)	(1,749,145)	10,622,144
Machinery and equipment	4,144,323	-	(29,128)	-	-	(24,829)	(546,812)	3,543,554
Transport assets	51,866,731	134,444	(2,056,674)	-	-	(1,525,471)	(7,712,261)	40,706,769
	<b>4,162,580,561</b>	<b>1,408,706</b>	<b>(2,236,817)</b>	<b>-</b>	<b>371,620,648</b>	<b>(2,066,533)</b>	<b>(103,103,191)</b>	<b>4,428,203,374</b>

**Reconciliation of property, plant and equipment - Municipality 2019**

	Opening carrying value	Additions	Disposal	Transfers	WIP under construction	Impairment	Depreciation	Closing Carrying Value
Land	5,325,092	-	-	-	-	-	-	5,325,092
Solid waste	2,770,721	-	-	-	-	-	(197,764)	2,572,957
Operational buildings	26,833,339	-	-	-	-	(3,822,701)	(527,195)	22,483,443
Sanitation	201,181,472	105,027	-	-	621,743	(233,382)	(6,990,168)	194,684,692
Water supply	4,065,040,239	69,442,284	-	-	250,714,801	(1,091,667)	(82,412,853)	4,301,692,804
Community	39,804,687	-	-	-	657,337	(1,357,476)	(124,582)	38,979,966
Finance leased assets	119,236	-	-	-	-	-	(119,236)	-
Computer Equipment	27,455,771	200,229	(69,913)	-	-	(2,065,685)	(4,098,821)	21,421,581
Furniture and fittings	10,579,447	-	(5,349)	-	-	(835,441)	(1,698,970)	8,039,687
Machinery and equipment	3,536,464	115,286	-	-	-	(1,340,969)	(518,462)	1,792,319
Transport assets	40,706,769	13,617,978	(1,125,363)	-	-	(91,276)	(8,857,255)	44,250,853
	<b>4,423,353,237</b>	<b>83,480,804</b>	<b>(1,200,625)</b>	<b>-</b>	<b>251,993,881</b>	<b>(10,838,597)</b>	<b>(105,545,306)</b>	<b>4,641,243,394</b>

Notes to the Consolidated Annual Financial Statements

	Group			Municipality				
	2019	2018		2019	2018			
		Restated			Restated			
	R	R		R	R			
Reconciliation of property, plant and equipment - Municipality 2018								
	Opening carrying value	Additions	Disposal	Transfers	WIP under construction	Impairment	Depreciation	Closing Carrying Value
Land	5,325,092	-	-	-	-	-	-	5,325,092
Solid waste	2,968,620	-	-	-	-	-	(197,899)	2,770,721
Operational buildings	27,360,534	-	-	-	-	-	(527,195)	26,833,339
Sanitation	203,475,196	73,657	-	-	9,411,816	-	(6,984,105)	205,976,564
Water supply	3,785,055,561	535,165	-	-	360,056,494	-	(80,606,981)	4,065,040,239
Community	37,776,931	-	-	-	2,152,338	-	(124,582)	39,804,687
Finance leased assets	736,289	-	-	-	-	-	(617,053)	119,236
Computer Equipment	31,483,931	585,960	(106,358)	-	-	(498,115)	(4,009,647)	27,455,771
Furniture and fittings	12,221,146	79,480	-	-	-	(18,118)	(1,703,061)	10,579,447
Machinery and equipment	4,096,432	-	-	-	-	(24,829)	(535,139)	3,536,464
Transport assets	51,866,731	134,444	(2,056,674)	-	-	(1,525,471)	(7,712,261)	40,706,769
	4,162,366,463	1,408,706	(2,163,032)	-	371,620,648	(2,066,533)	(103,017,923)	4,428,148,329

ASPIRE	2019			2018		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fittings	440,708	(417,721)	22,987	442,595	(399,898)	42,697
Office equipment	80,925	(74,855)	6,070	82,252	(75,162)	7,090
IT equipment	479,658	(370,703)	108,955	368,370	(363,112)	5,258
Total	1,001,291	(863,279)	138,012	893,217	(838,172)	55,045

Reconciliation of property, plant and equipment - ASPIRE 2019								
	Opening carrying value	Additions	Disposal	Transfers	WIP under construction	Impairment	Depreciation	Closing Carrying Value
Furniture and fittings	42,697	-	(492)	-	-	-	(19,218)	22,987
Office equipment	7,090	5,500	(373)	-	-	-	(6,147)	6,070
IT equipment	5,258	139,771	-	-	-	-	(36,074)	108,955
	55,045	145,271	(865)	-	-	-	(61,439)	138,012

Reconciliation of property, plant and equipment - ASPIRE 2018								
	Opening carrying value	Additions	Disposal	Transfers	WIP under construction	Impairment	Depreciation	Closing Carrying Value
Furniture and fittings	132,026	-	(43,245)	-	-	-	(46,084)	42,697
Office equipment	47,891	-	(29,128)	-	-	-	(11,673)	7,090
IT equipment	34,181	-	(1,412)	-	-	-	(27,511)	5,258
	214,098	-	(73,785)	-	-	-	(85,268)	55,045

Projects taking longer to complete

The implementation of the following projects have been delayed due to various reasons:

Project Name	Original Planned Completion Date	Anticipated Completion Date	Carrying Amount	Reasons for the delays
Ngqamakhwe Regional Water Supply Scheme	04/06/2019	19/10/2019	R 76,324,690	
Nxaxo & Cebe Water Supply Scheme - Phase 1	20/03/2019	29/11/2019	R 102,887,509	
Fort Beaufort BWS- Contract 7	June 2019	June 2020	R 11,919,161	
Ekuphuleni and 9 Villages – Phase 5	August 2019	September 2019	R 15,177,968	Delayed from the start due to social matters and community unrest hence the contractor could not commence in time
Total			R 206,309,328	

Transfer of infrastructure

During the 2015/16 financial year, the Demarcation Board rezoned the Amathole District Municipality, (ADM) boundaries.

The effect of the rezoning was a loss of some of the ADM villages to other municipalities. The assets, mainly water infrastructure assets, in the affected villages are to be transferred from ADM to the relevant municipalities as per the Demarcation Board's resolutions.

ADM is in an advanced stage of transferring the assets to the rightful municipalities. A list of assets to be transferred has been compiled and are mainly in the Buffalo City Metropolitan Municipality (BCMM) and Chris Hani District Municipality. The costing process of the affected assets is being finalised by ADM.

Expenditure incurred to repair and maintain Property, Plant and Equipment	Group	Municipality
	R	R
Transport Assets	109,619	109,619
Sanitation and water supply	14,195,144	14,195,144
Furniture and fixtures	5,060	-
Office equipment	1,000	-
IT equipment	1,661	-
Total	14,312,484	14,304,763

Pledged as security

Carrying value of assets as security in the year under review

Comparative figures have been restated: Refer Note 47

Capitalised expenditure (excluding borrowing costs)	Funding source	
Land and Buildings	-	-
Sanitation and Water Supply (Infrastructure)	Grant funding (MIG, RBIG and WSIG)	320,883,856
Finance leased assets	Grant funding (MIG)	657,337
Other assets	Grant funding (WSIG)	14,078,765
		335,619,957
		373,029,354
		335,474,686
		373,029,354

Compensation received for losses on property, plant and equipment - included in operating surplus

Motor vehicles	131,625	20,594	131,625	20,594
Office equipment	14,471	-	14,471	-
Other property, plant and equipment	21,002	13,212	-	-
	167,098	33,806	146,096	20,594

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

### Notes to the Consolidated Annual Financial Statements

	Group		Municipality		
	2019	2018	2019	2018	
		Restated		Restated	
	R	R	R	R	
Reconciliation of work - in - Progress Group - 2019					
			Included within infrastructure	Included within buildings	Total
Opening balance			2,157,352,501	112,341	2,157,464,842
Additions/capital expenditure			323,257,421	-	323,257,421
Transferred to completed items			(69,547,311)	-	(69,547,311)
			2,411,062,612	112,341	2,411,174,952
Reconciliation of work - in - Progress Group - 2018					
			Included within infrastructure	Included within buildings	Total
Opening balance			1,785,731,853	112,341	1,785,844,194
Additions/capital expenditure			372,229,471	-	372,229,471
Transferred to completed items			(608,823)	-	(608,823)
			2,157,352,501	112,341	2,157,464,842
Reconciliation of work - in - Progress Municipality - 2019					
			Included within infrastructure	Included within buildings	Total
Opening balance			2,157,352,501	112,341	2,157,464,842
Additions/capital expenditure			323,257,421	-	323,257,421
Transferred to completed items			(69,547,311)	-	(69,547,311)
			2,411,062,612	112,341	2,411,174,952
Reconciliation of work - in - Progress Municipality - 2018					
			Included within infrastructure	Included within buildings	Total
Opening balance			1,785,731,853	112,341	1,785,844,194
Additions/capital expenditure			372,229,471	-	372,229,471
Transferred to completed items			(608,823)	-	(608,823)
			2,157,352,501	112,341	2,157,464,842

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the register.

#### 5. Intangible assets

	2019			2018			
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value	
Computer Licences	62,779,423	(36,258,062)	26,521,361	62,779,423	(23,379,552)	39,399,871	
Computer software	308,939	(280,442)	28,497	271,672	(271,672)	-	
	<b>63,088,362</b>	<b>(36,538,504)</b>	<b>26,549,858</b>	<b>63,051,095</b>	<b>(23,651,224)</b>	<b>39,399,871</b>	
<b>Intangible assets</b>							
<b>Municipality</b>							
	2019			2018			
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value	
Computer software, licences	<b>62,779,423</b>	<b>(36,258,062)</b>	<b>26,521,361</b>	<b>62,779,423</b>	<b>(23,379,552)</b>	<b>39,399,871</b>	
<b>Reconciliation of intangible assets - Group 2019</b>							
	Opening carrying value	Additions	Transfer In/(Out)	Work in progress	Impairment	Amortisation	Closing Carrying Value
Computer software, licences	39,399,871	37,267	-	-	(111,065)	(12,776,215)	26,549,858
<b>Reconciliation of intangible assets - Group 2018</b>							
	Opening carrying value	Additions	Transfer In/(Out)	Work in progress	Impairment	Amortisation	Closing carrying Value
Computer software, licences	52,169,602	-	-	-	-	(12,769,731)	39,399,871
<b>Reconciliation of intangible assets - Municipality 2019</b>							
	Opening carrying value	Additions	Transfer In/(Out)	Work in progress	Impairment	Amortisation	Closing carrying value
Computer software, licences	39,399,871	-	-	-	(111,065)	(12,767,445)	26,521,361
<b>Reconciliation of intangible assets - Municipality 2018</b>							
	Opening carrying value	Additions	Transfer In/(Out)	Work in progress	Impairment	Amortisation	Closing carrying value
Computer software, licences	52,167,480	-	-	-	-	(12,767,609)	39,399,871

Comparative figures have been restated: Refer **Note 47**

#### Pledged as security

Carrying value of intangible assets is not pledged as security

#### Restricted title

Carrying value of intangible assets whole title is not restricted.

The amortisation expense has been included in the line depreciation on the Statement of Financial Performance. A useful life of 3 years has been used in the calculation of amortisation. Software was fully depreciated at year end although still in use by the entity.

#### 6. Heritage assets

	2019			2018		
	Cost	Accumulated impairment losses	Carrying value	Cost	Accumulated impairment losses	Carrying value
Collections of historical implements	400,000	-	400,000	400,000	-	400,000
<b>Municipality</b>						
	Cost	Accumulated impairment losses	Carrying value	Cost	Accumulated impairment losses	Carrying value
Collections of historical implements	400,000	-	400,000	400,000	-	400,000

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

### Notes to the Consolidated Annual Financial Statements

	Group		Municipality		
	2019	2018	2019	2018	
		Restated		Restated	
	R	R	R	R	
<b>Reconciliation of heritage assets - Group 2019</b>					
Collections of historical implements			Opening balance 400,000	Total 400,000	
<b>Reconciliation of heritage assets - Group 2018</b>					
Collections of historical implements			Opening balance 400,000	Total 400,000	
<b>Reconciliation of heritage assets - Municipality 2019</b>					
Collections of historical implements			Opening balance 400,000	Total 400,000	
<b>Reconciliation of heritage assets -Municipality 2018</b>					
Collections of historical implements			Opening balance 400,000	Total 400,000	
<b>Pledged as security</b>					
Carrying value of heritage assets is not pledged as security					
<b>Method and assumption used</b>					
Valuations were performed by independent valuer , Mrs Penelope Jean Lindstrom [Board Member of South African Institute of Valuer], and currently the chairperson.					
Messrs Penny Lindstrom Valuations CC are not connected to the municipality and have recent experience in location and category of asset being valued, effective date of valuation June 2015.					
<b>7. Investment in controlled entities</b>					
<b>Name of Company</b>	<b>Held by</b>	<b>% holding 2019</b>	<b>% holding 2018</b>	<b>Carrying amount 2019</b>	<b>Carrying amount 2018</b>
Amathole Economic Development Agency SOC Limited t/a ASPIRE	ADM	100%	100%	1,000	1,000
<b>Investment in Municipal entity</b>					
Amathole Economic Development Agency SOC Limited t/a ASPIRE					
Issued share capital (1000 ordinary shares of R1,00 each)					
100% owned by ADM council					
The Amathole Economic Development Agency was established 1 September 2005					
<b>Place of incorporation</b> : South Africa					
<b>Principal activity</b> : To promote local economic development in the Amathole Municipal District Area					
The municipal transfers funds to the entity for operating purposes. Refer <b>Note 46</b> for related party transaction					
The ADM continues to provide support ASPIRE in terms of operational funding as well as having seconded senior personnel to the agency on a temporary basis, during the current financial year. In respect of the poor financial position that the entity finds itself in, certain initiatives were undertaken to, amongst other things, identify the root causes of this situation. An investigation was conducted. In addition a financial recovery plan was developed for the Board's consideration and implementation .					
<b>8. Non current receivables</b>					
<b>Long Term Receivables</b>	1,710,803	1,710,803	1,710,803	1,710,803	
Non-current receivables are financial assets which are categorized at amortised cost.					
The fair values of the loans are estimated to approximate their carrying amounts					
<b>Deposits</b>					
The deposits relate to the amounts paid when the municipality enters into the leases for buildings and utilities					
<b>Non current receivables</b>	1,710,803	1,710,803	1,710,803	1,710,803	
Deposits	1,710,803	1,710,803	1,710,803	1,710,803	
Subtotal	1,710,803	1,710,803	1,710,803	1,710,803	
Less: Current portion transferred to current receivables	-	-	-	-	
	1,710,803	1,710,803	1,710,803	1,710,803	
<b>9. Operating Lease Liability</b>					
Non-Current Liabilities	2,542,682	969,302	2,530,491	960,594	
	2,542,682	969,302	2,530,491	960,594	
Operating Lease income and expenditure have been recognized on a straight line basis over the lease term.					
The effect of accounting for operating leases on the straight line basis had the above effect.					
The municipality leases office equipment and premises from external parties.					
<b>10. Employee benefit obligation</b>					
<b>Defined contribution plan</b>					
Provision for post employment health care benefits	130,179,042	211,029,035	130,179,042	211,029,035	
Provision of ex-gratia benefits	89,211	94,554	89,211	94,554	
Provision for long service benefits	39,294,610	28,347,208	39,294,610	28,347,208	
	169,562,863	239,470,797	169,562,863	239,470,797	
<b>Statement of Financial Performance</b>					
Current service cost	22,487,331	26,355,532	22,487,331	26,355,532	
Interest cost	24,303,496	26,400,638	24,303,496	26,400,638	
Actuarial gain recognised	117,848,731	75,524,502	117,848,731	75,524,502	
Actuarial loss recognised	8,018,213	(3,678,372)	8,018,213	(3,678,372)	
	172,657,771	124,602,300	172,657,771	124,602,300	
<b>Post retirement medical aid plan</b>					
The Post Employment Health Care plan, of which members are made up as follows					
In service (employee) members	1,341	1,369	1,341	1,369	
Continuation (retiree, widow/er and orphan) members	89	59	89	59	
In service (employee) non- members	205	247	205	247	
	1,635	1,675	1,635	1,675	
The unfunded liability in respect of past services has been estimated to be as follows:					
In service (employee) members	91,913,482	164,141,907	91,913,482	164,141,907	
Continuation (retiree, widow/er and orphan) members	34,677,926	21,464,383	34,677,926	21,464,383	
In service (employee) non- members	3,587,634	25,422,745	3,587,634	25,422,745	
	130,179,042	211,029,035	130,179,042	211,029,035	

# Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2019	2018	2019	2018
	R	Restated	R	Restated
The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:				
Bonita's				
Hosmed				
Key health				
LA health				
Samwumed				
Gems				
On retirement of an employee council has post retirement obligation to contribute 70% to the medical cost of the employee				
<b>Reconciliation of assets and liabilities recognised in the balance sheet</b>				
Present value of fund obligations				
Fair value on plan assets				
<b>Present value of unfunded obligations</b>	<b>130,179,042</b>	<b>211,029,035</b>	<b>130,179,042</b>	<b>211,029,035</b>
Present value of obligations in excess of plan assets				
Unrecognised past service cost	130,179,042	211,029,035	130,179,042	211,029,035
Unrecognised actuarial (gains)/losses	-	-	-	-
Unrecognised transitional liability	-	-	-	-
Net liability in Balance Sheet	<b>130,179,042</b>	<b>211,029,035</b>	<b>130,179,042</b>	<b>211,029,035</b>
The municipality has elected to recognise the full increase in this defined benefit liability immediately.				
<b>Reconciliation of present value of fund obligation:</b>				
Present value of fund obligation at the beginning of the year	211,029,035	241,846,122	211,029,035	241,846,122
Current service costs	18,954,208	23,164,432	18,954,208	23,164,432
Expected benefits paid	(3,549,440)	(2,715,807)	(3,549,440)	(2,715,807)
Interest cost	21,593,970	24,258,790	21,593,970	24,258,790
Past service costs	-	-	-	-
Actuarial gain	(117,848,731)	(75,524,502)	(117,848,731)	(75,524,502)
Contributions	-	-	-	-
Present value of fund obligation at the end of the year	<b>130,179,042</b>	<b>211,029,035</b>	<b>130,179,042</b>	<b>211,029,035</b>
<b>Total unfunded liability</b>				
In service (employee) members	91,913,482	164,141,907	91,913,482	164,141,907
Continuation (retiree, widow/er and orphan) members	34,677,926	21,464,383	34,677,926	21,464,383
In service (employee) non- members	3,587,634	25,422,745	3,587,634	25,422,745
<b>All eligible individuals</b>	<b>130,179,042</b>	<b>211,029,035</b>	<b>130,179,042</b>	<b>211,029,035</b>
<b>Average liability per individual</b>				
In service members	1,341	2,347	1,341	2,347
Continuation members	89	3,263	89	3,263
In service non- members	205	1,585	205	1,585
<b>All eligible individuals</b>	<b>1,635</b>	<b>7,195</b>	<b>1,635</b>	<b>7,195</b>
<b>Reason for the movement in Liability</b>				
The total liability has decreased by 38% (or R81 million) since the last valuation. The main reasons for the actual movement in the liability as a result of a decrease in the assumed proportion of in-service members who continue their medical aid membership at and after retirement, a decrease in the assumed proportion of in-service members with a spouse dependant on their medical aid at and after retirement; an increase in the assumed average retirement age; the application of revised withdrawal rates and increases in the net discount rates.				
These impacts were partially offset by the allowance for expected post-employment mortality improvement; an increase in the average age which means members are closer to retirement and less likely to leave before retirement and an increase in the average past service.				
<b>Actuarial Gains and Losses</b>				
Actuarial (gain)/loss for the period	(117,848,731)	(75,524,502)	(117,848,731)	(75,524,502)
Contributions to actuarial loss	-	-	-	-
Basis changes: in net discount rate	(5,901,959)	(17,243,393)	(5,901,959)	(17,243,393)
Increase in assumed retirement age	(32,076,227)	-	(32,076,227)	-
Decrease in assumed membership continuation rate at retirement	(43,574,574)	-	(43,574,574)	-
Decrease in assumed in-service non-member take-up rate	(8,491,852)	-	(8,491,852)	-
Decrease in assumed spouse dependant proportion at retirement	(31,792,502)	-	(31,792,502)	-
Application of revised withdrawal rates	(6,538,490)	-	(6,538,490)	-
Contributions increases higher than assumed	5,923,044	4,029,069	5,923,044	4,029,069
Application of post-employment mortality improvement	16,981,439	-	16,981,439	-
Changes to membership profile different from assumed	(13,576,860)	(53,606,270)	(13,576,860)	(53,606,270)
Actual benefits vesting, lower than expected	1,199,250	(8,703,908)	1,199,250	(8,703,908)
<b>Net liability in the Statement of Financial Position</b>				
Opening balance	211,029,035	241,846,122	211,029,035	241,846,122
Current service cost	18,954,208	23,164,432	18,954,208	23,164,432
Interest cost	21,593,970	24,258,790	21,593,970	24,258,790
Expected return on plan assets	-	-	-	-
Transitional liability recognised	-	-	-	-
Actuarial (gain)/losses	(117,848,731)	(75,524,502)	(117,848,731)	(75,524,502)
Past service cost	-	-	-	-
Net periodic cost recognised in surplus and deficit	(77,300,553)	(28,101,280)	(77,300,553)	(28,101,280)
Expected employee benefit payments	(3,549,440)	(2,715,807)	(3,549,440)	(2,715,807)
Transitional liability recognised outside surplus and deficit	-	-	-	-
<b>Closing balance</b>	<b>130,179,042</b>	<b>211,029,035</b>	<b>130,179,042</b>	<b>211,029,035</b>
Current portion of liability (due in next 12 months)	3,519,525	2,350,190	3,519,525	2,350,190
Non- current portion of liability	126,659,517	208,678,845	126,659,517	208,678,845
Closing balance	<b>130,179,042</b>	<b>211,029,035</b>	<b>130,179,042</b>	<b>211,029,035</b>
<b>Reconciliation of affair value of plans assets</b>				
Fair value of plan assets at the beginning of the year	-	-	-	-
Expected return on plan assets	-	-	-	-
Contributions: Employer	-	-	-	-
Contributions: Employee	-	-	-	-
Benefits paid	-	-	-	-
Closing balance	-	-	-	-
<b>Trend information</b>				
Present value of obligation		2020	2019	2018
Fair value of plan assets		148,612,684	130,179,042	211,029,035
		<b>148,614,704</b>	<b>130,179,042</b>	<b>211,029,035</b>



## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2019	2018	2019	2018
	R	Restated	R	Restated

#### Sensitivity results

Results of the sensitivity analysis on the Accrued Liability (R millions)

Assumption	Change	Eligible Employees	Continuation members	Total	Percentage change
<b>Central Assumptions</b>		95 501	34 678	130 179	
<b>Health care inflation rate</b>	+1%	106 008	36 096	142 104	9%
	-1%	82 291	32 935	115 226	-11%
<b>Discount rate</b>	+1%	79 088	32 155	111 243	-15%
	-1%	116 880	37 593	154 473	19%
	- 1 yr	97 934	36 028	133 962	3%
	- 1 yr	105 025	34 678	139 703	7%
	-10%	80 980	34 678	115 658	-11%

The table above indicates that if medical inflation is 1% greater than the long-term assumption made, the liability will be 9% higher than shown.

#### Sensitivity analysis on the current-service and interest cost for the year ending

Assumption	Change	Current - Service Cost	Interest Cost	Total	% change
<b>Central Assumptions</b>		18,954,208	21,593,970	40,548,178	
<b>Healthcare inflation rate</b>	+1%	23,428,306	25,785,815	49,214,121	21%
	-1%	16,328,789	15,974,697	32,303,486	-20%
<b>Post-retirement mortality</b>	-1 yr	20,271,090	23,644,099	43,915,189	8%

#### Key Financial Assumptions

Assumption	Value p.a.	Value p.a.
Discount rate	9.53%	10.08%
Health care cost inflation rate	6.98%	8.48%
Net discount rate - health care cost inflation	2.38%	1.47%
Maximum subsidy inflation rate	4.86%	6.98%

#### Assumption

Normal retirement age	Active employees	Pensioners
Employment age used for past service period	62	0
Age difference between spouses	5 years	Actual service entry ages
Proportion married at retirement	95%	Actual ages used
Mortality	SA 85- 90	Actual marital status
		PA ( 90 ) - 1

Withdrawal from service ( sample annual rates )

Age	Withdrawal rates Female	Withdrawal rates Male
20	9%	9%
25	8%	8%
30	6%	6%
35	5%	5%
40	5%	5%
45	4%	4%
50	3%	3%
55	0%	0%
56+	0%	0%

#### Provision for retirement gratuity benefits

Employees of the Amathole District Municipality participated in the following benefit funds:

Cape Joint Pension Fund (defined contribution)  
 Eastern Cape Gratuity Fund (defined contribution)  
 Eastern Cape Municipal Pension Fund (defined contribution)  
 Cape Joint Retirement Fund (defined contribution)  
 National Fund for Municipal Workers (defined contribution)  
 South African Municipal Workers National Provident Fund (defined contribution)  
 Government Employees Pension Fund (defined benefit)  
 South African Local Authorities Pension Fund (defined contribution)

#### Multi - employer funds

The actuaries appointed to perform the valuation on the gratuity obligation were of the opinion that the Amathole District Municipality do not have an obligation for this post - employment benefits. Hence the liability is not recognised and disclosure was made to reflect information pertaining to multi-employer funds

The municipality has been unsuccessful in obtaining the necessary information to support proper defined benefit plan accounting due to restrictions imposed by the multi-employer plan. It is therefore deemed impracticable to obtain this information at a suitable level of details.

Thus, some of the entities defined benefit plans are not treated as defined benefit plans as defined by GRAP 25, but are rather accounted for as defined contribution plans. These are listed under the defined contribution plan heading as a GRAP 25 Exception.

This is in line with the exemption in GRAP 25 which states that where information required for proper defined benefit plan accounting is not available in respect of multi-employer and state plans, these should be accounted for a defined contribution plans.

The following table reflects information on the defined benefit retirement, pension and provident funds to which councillors and employees belong, and in respect of which there is not sufficient information available to make more detailed disclosures.

The Pension Funds Act requires every pension fund to complete a statutory valuation at least every three years .

#### Defined contribution (DC) Multi - employer plans

	Number of the Municipality's employees belonging to the plan	Amount of contributions paid by the Municipality for the year ending 30 June 2017	Number of the Municipality's employees belonging to the plan	Amount of contributions paid by the Municipality for the year ending 30 June 2016
Cape Retirement Fund ( CRF )	1,496	55,213,992	1,496	55,213,992
SAMWU National Provident Fund ( SNPF)	137	4,018,548	137	4,018,548
National Fund for Municipal Workers	9	231,804	9	231,804
Cape Joint Pension Fund	10	124,740	10	124,740
Easter Cape Gratuity Fund	2	24,197	2	24,197
Easter Cape Municipality Pension Fund	2	62,913	2	62,913

#### Defined benefits ( DB ) Multi - employer plans

Sufficient information is not available in respect of these multi-employer BD plans to enable full DB accounting disclosure because :

- Plan assets are held as one portfolio and not notionally allocated to each participating employer
- Similarly, the plan's financial statements are not constructed separately for each participating employer, but rather in respect of the whole plan including all the participating employers.
- Contribution rates do not usually vary by participating employer . The table below reflects the municipality's contributions to these Defined Benefit (DB) plans for the year

# Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

						Group		Municipality	
						2019	2018	2019	2018
							Restated		Restated
						R	R	R	R
Multi - employer plan									
	Number of the Municipality's employees belonging to the plan	Total number of active members per the Plan's most recent valuation report	Amount of contributions paid by the Municipality for the period ending 30 September 2016	Date of most recently available actuarial valuation report	Funding level				
GEPF	66	1,298,394.00	1,407,180	31-Mar-14	100%				
SALA PF	3	16,997.00	81,180	1-Jul-15	100%				
Key Assumptions									
						Net pre-ret discount rate	Salary Inflation	Net post - ret discount rate	
						3.24%	7.90%	5.59%	
						1.84%	8.75%	5.25%	

Further information for each plan follows below:

### GEPF (Government Employees Pension Fund)

The funding level of the GEPF remained at 100% as at the 31 March 2014 valuation date compared with the 100% funding level as at the 31 March 2012. The plan is holding reserves at 46.6% of what would be in line with the long-term funding level per the Board of Trustees adopted GEPF Funding Policy, compared with 5.9% as at 31 March 2012.

This employer contribution rate remains at 16% in respect of the Services employee category and 13% in respect of the 'Others' employee category.

### SALA PF (South Africa Authorities Pension Fund)

There is a defined contribution section in this Plan (27% of the active membership). The valuation actuary recommended that the prevailing employer contribution rate at 1 July 2015 be maintained at 19.18%. This includes a margin of 1.65% compared with the contribution rate required to fund the Projected Unit Method future service benefits and associated costs. The valuation actuary suggested that the contribution reserve of R317.8 m set up at valuation date should remain if the valuation assumptions are borne out in practice, be sufficient to subsidise the shortfall.

### Provision for ex - gratia benefits

Eligible employees	Group	Total	Municipality	Total
	Male		Male	
Number of pensioners	4	4	4	4
Average monthly payment	7392	7392	7392	7392
Average age	94.3	94.3	94.3	94.3
		0		
		0		
<b>Reconciliation of assets and liabilities recognised in the balance sheet</b>				
Total value of liabilities	89,211	94,554	89,211	94,554
Value of assets	-	-	-	-
<b>Unfunded accrued liability</b>	<b>89,211</b>	<b>94,554</b>	<b>89,211</b>	<b>94,554</b>
Unfunded accrued liability	89,211	94,554	89,211	94,554
Unrecognised actuarial gain	-	-	-	-
Unrecognised past service cost	-	-	-	-
<b>Net liability in the Statement of Financial Position</b>	<b>89,211</b>	<b>94,554</b>	<b>89,211</b>	<b>94,554</b>
Total unfunded liability	89,211	94,554	89,211	94,554
Average liability per retiree	22,303	18,911	22,303	18,911

Certain pensions are paid by the municipality from its own revenue and are therefore not funded by pension funds.

These pensions are payable for life and increase annually but not by any inflationary factor.

The **average liability** has increased by 18% due to an increase in the average pension age, a decrease in the net discount rate and because allowance has been made for the expected improvement in post-employment mortality. These impacts were partially offset by an increase in the average age.

The **total liability** has decreased by 6 % (or R5 343) since the last valuation due to the above being more than offset by a decrease in the number of pensioners.

### Analysis of the unexpected movement in the liability

<b>Actuarial gain for the period</b>	<b>17,871</b>	<b>17,693</b>
Contributions to actuarial loss :	-	-
Basis changes : increase in net discount rate	917	(407)
Application of post-employment mortality improvement	8,618	-
Changes to membership profile different from assumed	8,235	18,100
Actual benefits vesting, lower than expected	101	-

### Trend information

	2020	2019	2018	
Present value of obligations	65,223	89,211	94,554	
Fair value of plan assets	-	-	-	
	<b>65,223</b>	<b>89,211</b>	<b>94,554</b>	
Experience adjustments				
	2019	2018	2019	2018
<b>Actuarial Gain / Loss before in Assumptions</b>				
In respect of Present Value of Obligations	17,693	17,693	17,693	17,693
In respect of Fair Value of Plan Assets	-	-	-	-
	<b>17,693</b>	<b>17,693</b>	<b>17,693</b>	<b>17,693</b>
Present value of fund obligation at the beginning of the year	94,555	99,982	94,555	99,982
Current service costs	-	-	-	-
Interest Cost	6,354	6,630	6,354	6,630
Actuarial (gain)/losses	17,871	17,693	17,871	17,693
Expected benefit payments	(29,568)	(29,751)	(29,568)	(29,751)
	<b>89,213</b>	<b>94,554</b>	<b>89,213</b>	<b>94,554</b>
<b>Reconciliation of fair value of plan assets:</b>				
Fair value of plan assets at the beginning of the year	-	-	-	-
Expected return on plan assets	-	-	-	-
Contributions: Employee	-	-	-	-
Past service costs	-	-	-	-
Actuarial (gain)/losses	-	-	-	-
Benefits paid	-	-	-	-
<b>Fair value of plan assets at the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current service costs and interest costs</b>				
Total cost	6,354	6,630	6,354	6,630

There is no Current-service Cost as there are no in-service members eligible for ex-gratia pension benefits. The Interest Cost represents the accrual of interest on the Accrued Liability, allowing for benefit payments, over the corresponding year. This arises because all future ex-gratia benefits are one year closer to payment.

# Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2019	2018	2019	2018
	R	Restated	R	Restated
<b>Net liability in the Statement of Financial Position</b>				
Opening balance		94,554	99,982	94,554
Current service cost		-	-	-
Interest cost		6,354	6,630	6,354
Expected return on plan assets		-	-	-
Transitional liability recognised		-	-	-
Actuarial (gain)/losses		17,693	-	17,693
Net periodic cost recognised in surplus and deficit		6,354	24,323	24,323
Expected employee benefit payments		(29,568)	(29,751)	(29,751)
Transitional liability recognised outside surplus and deficit		-	-	-
<b>Closing balance</b>		<b>71,341</b>	<b>94,554</b>	<b>94,554</b>

Sensitivity analysis on the unfunded accrued liability

### Assumption

#### Long term discount rate

Central assumptions

Discount rate

Post - retirement mortality

Change	Liability	% Change
	89,211	
+1%	87,181	-2%
-1%	91,364	2%
-1 yr	93,754	5%

### Assumption

#### Interest cost

Central assumptions

Discount rate

Change	Interest cost	% Change
	6,354	
+1%	6,945	9%
-1%	5,726	-10%
-2 yrs	7,139	12%

### Key actuarial assumptions used

#### Assumption

Discount Rate

Mortality in retirement

Value p.a

7.47%

PA(90)-1

Value p.a

7.96%

PA(90)-1

### Provision for long service benefits

An actuarial valuation has been performed of the municipality's liability for long service benefits relating to long service awards to which employees may become entitled to. The municipality offers employees long service awards for every five years of service completed, from five years of service to 45 years of service, inclusive. This provision is the present value of the total long service awards expected to become payable under the municipality's current arrangements and based on the actuarial assumptions made. The municipality has elected to recognise the provision in full.

### Summary for eligible employees

	2019	2018	2019	2018
Number of eligible employees	1,582	1,616	1,582	1,616
Average annual salary	274,975	224,305	274,975	224,305
Salary - weighted average age	43.9	45	43.9	45
Salary - weighted average past service	10.1	12	10.1	12

Long service awards for the levels of past service

Completed Service (in years)	Long Service Awards (Days Accumulated)	Description
5	4%	( 5 /260 + 2% ) x annual salary
10	7%	( 10 /260 + 3% ) x annual salary
15	10%	( 15 /260 + 4% ) x annual salary
20	11%	( 15 /260 + 5% ) x annual salary
25, 30, 35, 40, 45	12%	( 15 /260 + 6% ) x annual salary

A day of accumulated leave is worth 1/260 of the annual salary.

In the month that each " Completed Service " milestone is reached, the employee is granted a long service award.

Working days awarded are valued at 1/260 of annual salary per day ( [ Daily leave is valued as follows: annual basic salary / ( 12 months x 4.33 weeks per month x 5 days per week ) ]

Retirement gifts are awarded to all employees who retire at age 65. According to the Municipality, only 3% of employees are expected to receive the gift, since the majority retire before age 65.

The value of the retirement gift used in the last valuation was :

R 1 730 for employees with under twelve years of total service at retirement R3 240 for employees with twelve or more years of total service at retirement

These values have been assumed to increase by 7% since the last valuation. The value of the retirement gift is assumed to increase in line with CPI inflation in the future.

Employee related costs	2019	2018	2019	2018
Current service cost	3,533,123	3,191,100	3,533,123	3,191,100
Interest cost	2,703,172	2,135,218	2,703,172	2,135,218

(i) The Current- Service Cost reflects the additional liability that is expected to accrue in respect of in-service members over the corresponding year.

(ii) The Interest Cost represents the accrual of interest on the Accrued Liability, allowing for benefit vesting's, over the corresponding year. This arises because all future LSA benefits are one year closer to payment

### Provision for long service award liability

Opening accrued liability	33,018,793	26,267,806	33,018,793	26,267,806
Current service cost	3,533,123	3,191,100	3,533,123	3,191,100
Interest cost	2,703,172	2,135,218	2,703,172	2,135,218
Benefit vesting's	(2,611,925)	(2,236,010)	(2,611,925)	(2,236,010)
Total annual expense	3,624,370	3,090,308	3,624,370	3,090,308
Actuarial loss / (Gain)	8,000,342	3,660,679	8,000,342	3,660,679
Closing Accrued Liability	<b>44,643,505</b>	<b>33,018,793</b>	<b>44,643,505</b>	<b>33,018,793</b>

### Reconciliation of assets and liabilities recognised in the Statement of Financial Position

Present value of fund accrued liability	44,643,505	33,018,793	44,643,505	33,018,793
Fair value of plan assets	-	-	-	-
Unrecognised actuarial gain	-	-	-	-
Unrecognised transition liability	-	-	-	-
Unrecognised past service cost	-	-	-	-
<b>Net liability in the Statement of Financial Position</b>	<b>44,643,505</b>	<b>33,018,793</b>	<b>44,643,505</b>	<b>33,018,793</b>

The average liability has increased by 38% due to; increases in the assumed average retirement ages; the application of revised withdrawal rates and an increase in the average earnings.

# Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2019	2018	2019	2018
	R	Restated	R	Restated
	R	R	R	R
<b>Net liability to reflect in the Statement of Financial Position</b>				
Opening balance	33,018,793	26,267,806	33,018,793	26,267,806
Current service cost	3,533,123	3,191,100	3,533,123	3,191,100
Interest cost	2,703,172	2,135,218	2,703,172	2,135,218
Expected return on plan assets	-	-	-	-
Transitional liability recognised	-	-	-	-
Actuarial gains recognised in surplus and deficit	8,000,342	3,660,679	8,000,342	3,660,679
Past service cost	-	-	-	-
Effect of Curtailment / Settlement	-	-	-	-
Miscellaneous Item	-	-	-	-
Net Periodic Cost Recognised in profit and loss	14,236,637	8,986,997	14,236,637	8,986,997
Expected employer benefit vesting's	(2,611,925)	(2,236,010)	(2,611,925)	(2,236,010)
	<b>44,643,505</b>	<b>33,018,793</b>	<b>44,643,505</b>	<b>33,018,793</b>
Current portion of liability ( due in the next 12 months ) refer to <b>Note 19</b>	5,703,554	4,671,585	5,703,554	4,671,585
Non - current portion of the liability	38,939,951	28,347,208	38,939,951	28,347,208
<b>Reconciliation of present value of accrued liability:</b>				
Present value of accrued liability at the beginning of the year	33,018,793	26,267,806	33,018,793	26,267,806
Current service costs	3,533,123	3,191,100	3,533,123	3,191,100
Interest cost	2,703,172	2,135,218	2,703,172	2,135,218
Expected return on plan assets	-	-	-	-
Actuarial (gain)/losses	8,000,342	3,660,679	8,000,342	3,660,679
Expected employee benefit vesting's	(2,611,925)	(2,236,010)	(2,611,925)	(2,236,010)
<b>Closing balance</b>	<b>44,643,505</b>	<b>33,018,793</b>	<b>44,643,505</b>	<b>33,018,793</b>
Total unfunded liability	44,643,505	33,018,793	44,643,505	33,018,793
Average liability per member	27,626	20,432	27,626	20,432
<b>Reconciliation of affair value of plans assets</b>				
Fair value of plan assets at the beginning of the year	-	-	-	-
Expected return on plan assets	-	-	-	-
Contributions: Employee	-	-	-	-
Past service costs	-	-	-	-
Actuarial gains/(losses)	-	-	-	-
Benefits paid	-	-	-	-
<b>Fair value of plan assets at the end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Actuarial (gain)/loss for the period</b>				
Contribution to the actuarial loss:	8,000,342		8,000,342	
Increase in net discount rate	(310,108)		(310,108)	
Increases in assumed average retirement age	7,475,237		7,475,237	
Application of revised withdrawal rates	3,863,917		3,863,917	
Earnings increases higher than assumed	4,604,915		4,604,915	
Changes to employee profile different from assumed	(5,573,959)		(5,573,959)	
Actual benefits vesting, lower than expected	(2,059,660)		(2,059,660)	

Key actuarial assumptions used

### Financial assumptions

	2019	2018
Discount rate	8.12%	8.81%
General salary inflation (long - term)	5.54%	6.38%
Net effective discount rate	2.44%	2.28%
Consumer price index		

### Demographic Assumptions

Average retirement age	59 for males	56 for females
Mortality during employment	SA85 - 90	

Withdrawal form service ( sample annual rates )

Age	Female	Rate	Male
20	9%		9%
25	8%		8%
30	6%		6%
35	5%		5%
40	5%		5%
45	4%		4%
50	3%		3%
55	0%		0%
55+	0%		0%

### Sensitivity analysis assumption Accrued liability

#### Assumption

Change	Liability	% Change
Central assumptions	44.64	6%
General salary inflation rate	+1%	-6%
Discount rate	-1%	-6%
Average retirement age	+1%	7%
Withdrawal rates	-2 yrs	8%
	+2 yrs	15%
	50%	

The table above indicates, for example, that if earning inflation is 1% greater than the long-term assumption made, the liability will be 6% higher.

### Sensitivity analysis on current service and interest costs

Assumption	Change	Current service costs	Interest cost	Total	% Change
Central assumptions		3,533,123	2,703,172	6,236,295	
General earnings inflation rate	+1%	3,750,025	2,884,731	6,634,756	6%
	-1%	3,336,349	2,538,529	5,874,878	-6%
Mortality rates (SA 85 - 90)	-2 yrs	3,549,404	2,716,897	6,266,301	0%

### 11. Inventories

Housing projects	1,068,427	1,068,427	1,068,427	1,068,427
Consumable stores	1,929,385	1,110,421	1,929,385	1,110,421
Water	1,414,040	742,505	1,414,040	742,505
VIP toilets	20,408,004	1,132,273	20,408,004	1,132,273
	<b>24,819,857</b>	<b>4,053,626</b>	<b>24,819,857</b>	<b>4,053,626</b>

#### Housing projects

The cost incurred on completed housing units that are occupied by beneficiaries has been transferred to the Statement of Financial Performance. A stock count of inventory on hand was conducted at year end and these quantities have been costed.

#### VIP toilets

Raw materials on hand have been disclosed as part of the VIP toilet inventory, this raw material is used to construct the VIP units. A stock count was conducted at year end and these quantities were costed.

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2019	2018	2019	2018
	R	Restated	R	Restated
		R		R
<b>Water inventory</b>				
Unsold purchased water has been disclosed. Correct meter readings at the beginning and end of the financial year could not be guaranteed. Consulting engineers were thus appointed to determine the water on hand for each scheme based on the capacity of reservoirs and pipelines.				
<b>Write down of inventory</b>				
Raw materials of R8 532 (2018: R11 860) on site for the housing projects were found to be damaged and were not suitable for construction.				
No inventory pledged as a security.				
<b>12. Receivables from exchange transactions</b>				
Trade receivables	270,623,222	170,852,945	270,623,222	170,852,945
Other receivables	33,337,140	-	33,337,140	-
	<b>303,960,362</b>	<b>170,852,945</b>	<b>303,960,362</b>	<b>170,852,945</b>
Other receivables includes amounts relating to goods not yet delivered.				
<b>Trade receivables</b>				
<b>Balance as at 30 June 2019</b>				
		<b>Gross balances</b>	<b>Allowance for impairment</b>	<b>Net balance</b>
Water		783,004,415	(579,390,391)	203,614,024
Sanitation		459,435,003	(414,667,261)	44,767,742
Other		22,241,456	-	22,241,456
		<b>1,264,680,874</b>	<b>(994,057,652)</b>	<b>270,623,222</b>
<b>Balance as at 30 June 2018</b>				
		<b>Gross balances</b>	<b>Allowance for impairment</b>	<b>Net balance</b>
Water		559,869,984	(453,672,448)	106,197,536
Sanitation		355,455,505	(308,818,887)	46,636,618
Other		18,018,791	-	18,018,791
		<b>933,344,280</b>	<b>(762,491,335)</b>	<b>170,852,945</b>
<b>Water and sanitation - Debtors ageing</b>				
Current (0-30 days)			149,524,564	71,490,021
30 - 60 days			34,192,945	21,912,002
60 - 90 days			29,156,735	19,595,607
90 - 120 days			37,285,791	41,637,712
120 - 330 days			218,536,920	123,377,067
330+ days			795,983,920	655,331,871
			<b>1,264,680,874</b>	<b>933,344,280</b>
<b>Summary of debtors by customer classification - 30 June 2019</b>				
	<b>Domestic</b>	<b>Industrial / Commercial</b>	<b>National and Provincial Government</b>	<b>Total</b>
Current (0-30 days)	109,789,925	10,256,164	29,478,474	149,524,564
30 - 60 days	27,154,415	1,791,210	5,247,320	34,192,945
60 - 90 days	23,805,204	1,592,800	3,758,731	29,156,735
90 - 120 days	31,945,783	1,603,621	3,736,387	37,285,791
120 - 330 days	185,822,158	9,434,278	23,280,483	218,536,920
330+ days	665,187,470	30,536,556	100,259,893	795,983,920
Subtotal	1,043,704,955	55,214,630	165,761,289	1,264,680,875
Less: Allowance for impairment	(815,127,274)	(39,762,306)	(139,168,071)	(994,057,652)
	<b>228,577,682</b>	<b>15,452,323</b>	<b>26,593,218</b>	<b>270,623,222</b>
<b>Summary of debtors by customer classification - 30 June 2018</b>				
	<b>Domestic</b>	<b>Industrial / Commercial</b>	<b>National and Provincial Government</b>	<b>Total</b>
Current (0-30 days)	44,087,518	5,533,622	21,868,881	71,490,021
30 - 60 days	16,284,366	2,011,503	3,616,133	21,912,002
60 - 90 days	14,454,010	1,814,202	3,327,394	19,595,607
90 - 120 days	32,541,980	3,391,503	5,704,229	41,637,712
120 - 330 days	110,755,663	8,204,741	20,356,838	139,317,242
330+ days	535,164,706	13,621,940	90,605,050	639,391,696
Subtotal	753,288,243	34,577,511	145,478,525	933,344,280
Less: Allowance for impairment	(627,508,938)	(28,417,347)	(106,565,051)	(762,491,335)
	<b>125,779,305</b>	<b>6,160,164</b>	<b>38,913,475</b>	<b>170,852,942</b>
The comparative figures were restated refer <b>Note 47</b>				
<b>Credit quality of trade and other receivables</b>				
The following represents information on the credit quality of trade receivables that are neither past due nor impaired:				
<b>Trade receivables</b>				
<b>Counterparties without external credit rating</b>				
A - Government	14	15	14	15
B - Businesses	4	4	4	4
C - Domestic and other	82	81	82	81
	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
A - The debtors are of good credit quality and default in payment is expected .				
B - The debtors are usual good payers, but there is a possibility that the debtor may not be able to pay on time.				
C - These debtors usually pay, but have previously paid late and therefore there is a possibility that these debtors will not be recoverable.				
<b>Method of determining credit quality of trade and other receivables from exchange transaction</b>				
The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness. Consumer debtors with a demonstrative ability to pay are encouraged to apply for potential indigent status as an ongoing customer relationship strategy and also to enable the municipality to make adequate provision for such relief. The municipality has determined the above credit ratings internally through the consideration of previous payment trends per debtor type. Interest is raised at prime on overdue accounts.				
<b>Trade and other receivables past due but not impaired</b>				
The ageing of amounts past due but not impaired is as follows:				
1 month past due	89,714,738	42,894,013	89,714,738	42,894,013
2 months past due	6,838,589	4,382,400	6,838,589	4,382,400
3 months past due	5,831,347	3,919,121	5,831,347	3,919,121
4 months past due	7,457,158	8,327,542	7,457,158	8,327,542
greater than 4 months	160,781,390	111,329,867	160,781,390	111,329,867
<b>Trade and other receivables impaired</b>				
The amount of the provision was (R994 057 652) as of 30 June 2019 (R762 491 335) as of 30 June 2018.				
The ageing of or these is as follows:				
1 to 3 months	59,809,825	28,596,009	59,809,825	28,596,009
3 to 6 months	27,354,356	17,529,601	27,354,356	17,529,601
6 to 9 months	23,325,388	15,676,485	23,325,388	15,676,485
more than 9 months past due	883,568,083	700,689,240	883,568,083	700,689,240
<b>Reconciliation of provision for impairment of trade and other receivables including other receivables</b>				
Opening balance	764,557,437	621,233,327	764,557,437	621,233,327
Provision for impairment	249,508,577	163,237,010	249,508,577	163,237,010
Amounts written off as uncollectable	(18,019,399)	(19,912,901)	(18,019,399)	(19,912,901)
<b>Closing balance</b>	<b>996,046,615</b>	<b>764,557,437</b>	<b>996,046,615</b>	<b>764,557,437</b>

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2019	2018	2019	2018
	R	Restated	R	Restated
	R	R	R	R

The estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments ( more than 30 days overdue ) are considered indicators that the consumer debtor is impaired. Total bad debts of R10 789 440 were written off in the current financial year.

The estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments .

#### 13. Receivables from non - exchange transactions

Total other debtors	8,369,345	4,028,527	8,206,603	3,633,759
<b>Receivables from non - exchange transactions</b>				
Sundry receivables	7,076,309	5,995,232	6,957,567	5,699,862
Debtor: National Treasury	3,238,000	-	3,238,000	-
Prepayments	-	55,398	-	-
Deposits	44,000	44,000	-	-
Subtotal	10,358,309	6,094,630	10,195,567	5,699,862
Less: Allowance for doubtful debts	(1,988,964)	(2,066,103)	(1,988,964)	(2,066,103)
	<b>8,369,345</b>	<b>4,028,527</b>	<b>8,206,603</b>	<b>3,633,759</b>

Sundry receivables include an amount of R45 761 being:

The balance of recoveries amounting to R 9 371, for expenditure incurred on the procurement of a computer which was lost during the current financial year which was deemed to be fruitless and wasteful after investigation by management as well as

The balance of recoveries, amounting to R36 390, for expenditure deemed to be fruitless and wasteful after investigation by the Board relating to the procurement of services from consultants incurred in the prior years.

A debtor of R3 238 000 has been recognised for National Treasury as the DORA gazetted amount of Equitable Share was not received in full during the financial year.

The municipality has not received any notification of a reduction in the gazetted amount.

In determining the recoverability of other receivables, the municipality considers any change in the credit quality of other receivables from the date on which the credit was initially granted up to the reporting date.

The fair value of other receivables approximates their carrying amounts.

#### Receivables from non - exchange transactions past due but not impaired

Other receivables from non - exchange transactions which are less than 3 months past due are not considered to be impaired. At 30 June 2019, R8 206 603 (2018: R3 633 759 ) were past due but not impaired

The ageing of amounts past due but not impaired is as follows

3 months past due	8,369,345	4,028,527	8,206,603	3,633,759
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#### Receivables from non - exchange transactions impaired

The amount of the provision was R1 988 964 as of 30 June 2019 (2018: R2 066 103)

Over 6 months	1,988,964	2,066,103	1,988,964	2,066,103
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#### Reconciliation of provision for impairment of receivables from non - exchange transaction

Opening balance	2,066,103	2,066,103	2,066,103	2,066,103
Provision for impairment	5,711	-	5,711	-
Amounts written off as uncollectible	(82,849)	-	(82,849)	-
	<b>1,988,964</b>	<b>2,066,103</b>	<b>1,988,964</b>	<b>2,066,103</b>

#### 14. VAT receivable

VAT	120,328	656,460	-	-
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VAT is on the payment basis. All VAT returns were submitted within the legislative timeframes until 30 June 2019.

#### 15. Cash and cash equivalents

Cash on hand	10,354	9,186	9,000	9,000
Bank balances (current accounts)	165,322,218	156,018,340	162,813,272	153,063,539
Short - deposits (call accounts)	34,966,284	33,931,820	27,330,711	27,171,137
	<b>200,298,857</b>	<b>189,959,346</b>	<b>190,152,984</b>	<b>180,243,676</b>

An amount of R111 694 219 ( 2018 : R67 213 572) of the unspent conditional grants is included in cash and cash equivalents.

Investments of R27 million have been included as short term deposits as this investment has been invested for less than three months .

#### The group had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2019	30 June 2018	30 June 2017	30 June 2019	30 June 2018	30 June 2017
STD Bank Account no - 081-039-454 (primary)	4,529,759	4,291,043	69,837,075	4,586,448	4,291,043	69,837,075
ABSA BANK Account no - 406-309-3498	35,810,923	78,042,981	68,537,260	37,346,370	78,042,981	51,780,609
STD Bank - Call no 088-643-816-001	1,000,000	1,000,000	1,000,000	1,005,308	1,000,000	1,000,000
RMB Bank	32,560,676	68,806,000	-	32,560,676	68,806,000	-
Standard Bank 516890	-	-	-	-	-	-
Standard Bank 523534	1,430,701	-	-	1,430,701	-	-
Standard Bank 521402	84,290,167	-	-	84,290,167	-	-
Standard Bank 499334	1,174,957	985,836	-	1,174,957	985,836	-
Standard Bank 525638	418,644	-	-	418,644	-	-
Standard Bank (secondary SAP Account)	-	-	16,900,032	-	-	16,900,032
Investec	17,188,870	17,154,123	17,995,273	17,188,870	17,154,123	17,995,273
ABSA	10,141,842	10,017,014	10,035,260	10,141,842	10,017,014	10,035,260
Petty cash	9,000	9,000	9,000	9,000	9,000	9,000
AEDA Call account : Standard Bank	5,441,090	3,837,150	2,627,097	5,441,090	3,837,150	2,627,097
AEDA Cheque Account : Standard Bank	2,508,736	159,449	79,899	2,508,736	159,449	79,899
Aspire Natural Resources Management : Standard Bank	210	2,783,066	3,279,576	210	2,783,066	3,279,576
Black Wattle Account	-	6,226	6,226	-	6,226	6,226
Cash on hand	1,354	186	1,577	1,354	186	1,577
DEA- Adopt a spot cheque account : Standard Bank	-	-	1,141,370	-	-	1,141,370
EA - Dot Cheque account : Standard Bank	-	4,447	6,353	-	4,447	6,353
EC- BCM Waste Management Standard Bank	-	-	53,191	-	-	53,191
HAR Dot cheque account : Standard Bank	-	7,839	9,745	-	7,839	9,745
NDPG call account	2,194,483	2,917,307	2,023,577	2,194,483	2,917,307	2,023,577
<b>Total</b>	<b>198,701,412</b>	<b>190,021,667</b>	<b>193,542,512</b>	<b>200,298,856</b>	<b>190,021,668</b>	<b>176,785,861</b>

The difference between the cash book balance and the bank statement balance of both the Standard Bank primary bank account and the Standard Bank call account are different due to accrued interest of R83 552 and R5 308 respectively and deposited receipts at year end of R1 451 895.

The ABSA cash book balance and bank statement balance difference is due to the deposited receipts at year end for R56 689.

# Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

Account number / description	Group				Municipality	
	2019	2018	2019	2018	2019	2018
	Restated	Restated			Restated	Restated
	R	R	R	R	R	R
The Municipality had the following bank accounts						
	Bank statement balances			Cash book balances		
	30 June 2019	30 June 2018	30 June 2017	30 June 2019	30 June 2018	30 June 2017
ABSA BANK Account no - 406-309-3498	4,529,759	4,291,043	69,837,075	4,586,448	4,291,043	69,837,075
Standard Bank Account no - 081-109-3454 (primary account)	35,810,923	78,042,981	68,537,260	37,346,370	78,042,981	51,780,609
Standard Bank - Call no 088-643-816-001	1,000,000	1,000,000	1,000,000	1,005,308	1,000,000	1,000,000
Rand Merchant Bank (RMB)	32,560,676	68,806,000	-	32,560,676	68,806,000	-
Standard Bank 516890	-	-	-	-	-	-
Standard Bank 523534	1,430,701.09	-	-	1,430,701	-	-
Standard Bank 521402	84,290,166.76	-	-	84,290,167	-	-
Standard Bank 499334	1,174,957.49	985,836	-	1,174,957	985,836	-
Standard Bank 525638	418,643.89	-	-	418,644	-	-
Standard Bank (secondary SAP Account)	-	-	16,900,032	-	-	16,900,032
Investec Bank	17,188,870	17,154,123	17,995,273	17,188,870	17,154,123	17,995,273
ABSA Bank	10,141,842	10,017,014	10,035,260	10,141,842	10,017,014	10,035,260
Petty cash	9,000	9,000	9,000	9,000	9,000	9,000
Total	188,555,539	180,305,997	184,313,901	190,152,983	180,305,998	167,557,250

## 16. Finance lease obligation

### Minimum lease payment due

within one year	4,267	153,263	4,267	153,263
in second to fifth year inclusive	-	4,267	-	4,267
Less: future finance charges	4,267	157,530	4,267	157,530
<b>Present value of minimum lease payments</b>	<b>(107)</b>	<b>(9,108)</b>	<b>(107)</b>	<b>(9,108)</b>
	<b>4,160</b>	<b>148,422</b>	<b>4,160</b>	<b>148,422</b>

### Present value of minimum lease payments

within one year	4,160	144,261	4,160	144,261
in second to fifth year inclusive	-	4,160	-	4,160
	<b>4,160</b>	<b>148,421</b>	<b>4,160</b>	<b>148,421</b>
Non - current liabilities	4,160	144,261	4,160	144,261
Current liabilities	-	4,160	-	4,160
	<b>4,160</b>	<b>148,421</b>	<b>4,160</b>	<b>148,421</b>

It is the group's policy to lease certain office equipment under leases. These leases have been classified as finance leases in accordance with GRAP standard on leases. The average lease term was 3 years and the average effective borrowing rate was 10,25% ( 2018: 9.1 %). All leases have fixed repayment terms with no escalation rate, but varies with the changes in the prime interest rate.

The group's obligations under finance leases are secured by the lessor's charge over the leased assets.

## Default and breaches

Although the average creditors payment days ratio was at 65.8% at 30 June 2019 due to the cash flow constraints, from time to time the municipality had challenges in meeting the 30 days legislated timeframe for payments of invoices. This resulted in an aggregate of 34.2% of invoices processed and not paid within 30 days during 2018/19 financial year. The municipality has exercised reasonable steps to ensure that invoices are paid within 30 days of receipt.

Total Value of invoices processed	R
Value of invoices processed and paid within 30 days	1,003,412,978
Value of invoices processed but not paid within 30 days	660,418,216
Percentage	342,994,762
	34%

## 17. Unspent conditional grants and receipts comprise of :

Total Unspent conditional grants and receipts	111,694,219	67,213,572	108,668,589	63,210,481
National government grant	64,061,865	20,037,249	64,061,865	20,037,249
Provincial government grant	43,041,681	41,286,639	43,041,681	41,286,639
Other grant providers	4,590,674	5,889,684	1,565,044	1,886,593
	<b>111,694,219</b>	<b>67,213,572</b>	<b>108,668,589</b>	<b>63,210,481</b>
<b>Movement during the year</b>				
Balance at the beginning of the year	67,213,572	57,989,922	63,210,481	50,801,687
Additions during the year	684,085,376	614,539,325	675,563,126	606,252,213
Income recognition during the year	(634,051,439)	(602,168,077)	(627,560,259)	(592,598,203)
Return of Unspent Grant to National Treasury	(5,326,170)	(3,147,598)	(2,544,758)	(1,245,216)
Grants written off during the year	(227,119)	-	-	-
<b>Balance at the end of the year</b>	<b>111,694,219</b>	<b>67,213,572</b>	<b>108,668,590</b>	<b>63,210,481</b>

The unspent conditional grant funding is covered within the cash and cash equivalents and current investments. During the month of July 2019, R15 000 000 was returned to the Department of Rural Development and Agrarian Reform.

## 18. Non current investments

### At amortised cost

Bank Investment	2,137,129	2,000,000	2,137,129	2,000,000
Terms and conditions				

The above fixed deposit accounts have been classified as financial assets at amortised cost in accordance with GRAP 104:Financial instrument. Maturity period is fixed at 4 years

### Non Current asset

At amortised cost	2,137,129	2,000,000	2,137,129	2,000,000
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## 19. Provisions

### Reconciliation of provisions - Group 2019

	Opening Balance	Additions	Reversed during the year	Total
Post employment benefit	4,671,585	1,031,969	-	5,703,554
Performance bonus	4,134,713	830,796	(2,046,750)	2,918,758
	98,674,820	12,357,685	(2,604)	111,029,901
Provision for rehabilitation of landfill site	7,897,209	963,605	-	8,860,813
	<b>115,378,326</b>	<b>15,184,055</b>	<b>(2,049,354)</b>	<b>128,513,027</b>

### Reconciliation of provisions - Group 2018

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Post employment benefit	4,669,518	2,067	-	-	4,671,585
Performance bonus	2,087,963	2,046,750	-	-	4,134,713
	-	98,674,820	-	-	98,674,820
Provision for rehabilitation of landfill site	7,038,395	858,814	-	-	7,897,209
	<b>13,795,875</b>	<b>101,582,451</b>	<b>-</b>	<b>-</b>	<b>115,378,326</b>

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2019	2018	2019	2018
	R	Restated	R	Restated
<b>Reconciliation of provisions - Municipality 2019</b>				
	Opening Balance	Additions	Reversed during the year	Total
Post employment benefit	4,671,585	1,031,969	-	5,703,554
Performance bonus	4,134,713	830,796	(2,046,750)	2,918,758
Leave provision	98,674,820	12,357,685	(2,604)	111,029,901
Provision for rehabilitation of landfill site	7,897,209	963,605	-	8,860,813
	<b>115,378,326</b>	<b>15,184,055</b>	<b>(2,049,354)</b>	<b>128,513,027</b>

### Reconciliation of provisions - Municipality 2018

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Post employment benefit	4,669,518	2,067	-	-	4,671,585
Performance bonus	2,087,963	2,046,750	-	-	4,134,713
Leave provision	-	98,674,820	-	-	98,674,820
Provision for rehabilitation of landfill site	7,038,395	858,814	-	-	7,897,209
	<b>13,795,875</b>	<b>101,582,451</b>	<b>-</b>	<b>-</b>	<b>115,378,326</b>

### Performance bonuses

The uncertainties noted for the provision for Performance Bonus are as follows: Performance bonuses are paid one year in arrears as the assessment of eligible employees had not taken place at the reporting date. The provision is calculated at 14% of the current total salary package of Section 57 employees for the 2017/18 financial year, however this is subject to change once the assessments have been finalised. The payment of the 2016/17 year has not been paid yet due to financial constraints being experienced by the municipality. No provision has been made for the 2017/18 financial year as due to the financial situation of the municipality, Directors opted to forfeit the performance bonuses. The provision for 2018/19 was calculated at 6% of the current total salary package.

### Employee benefit cost provision

The uncertainties noted for the current portion of the long service awards are as follows: The current portion of the long service award was calculated by independent actuaries that have performed a valuation for the long service award provision. Refer to **Note 10** for the assumptions used.

### Provision for rehabilitation of landfill site

Provision is made in terms of the municipality's licensing stipulations on the waste landfill sites, for the estimated cost of rehabilitating waste sites.

The provision has been determined on the basis of a recent independent study. The cost factors derived from the study by a firm of consulting

engineers have been applied and projected at an annual inflation rate of 5,5% and discounted to present value at the average borrowing cost. The payment dates of total closure and rehabilitation are uncertain, but are currently expected to be between 2012 and 2032.

### Provision for Leave

The obligation for leave pay is certain, on the basis that the municipality does not have an unconditional right to avoid settlement as the employee can carry over leave without restrictions. The timing for the leave provision is however uncertain.

### 20. Payables from exchange transactions

Trade payables	344,463,365	294,741,830	344,496,630	294,727,849
Other payables	59,720,809	39,448,773	59,720,809	39,448,773
Accruals	19,192,775	16,843,356	18,460,227	13,817,848
Accrued service bonus	14,679,794	14,140,238	14,679,794	14,140,238
Retention payable	28,095,710	31,949,481	28,095,710	31,949,481
Accrued Leave pay	581,329	913,623	-	325,825
	<b>466,733,782</b>	<b>398,037,301</b>	<b>465,453,170</b>	<b>394,410,014</b>

The comparative figure was restated refer to **note 47**.

### Fair value of trade and other payables

Trading creditors are non -interest bearing and are normally settled on 30-day terms.

Retentions are non - interest bearing and are settlement in terms of the contract agreement.

Management policies are in place to ensure that all payables are paid within a reasonable time frame.

Short term payables with no stated interest rate may be measured at the original invoice amount if the effect of discounting is immaterial.

The carrying amount of trade payables approximates their fair value due.

### The movement on the service bonus accrual balances as above for the 2019 financial year was as follows:

#### Accrued leave pay

Opening balance	907,154	42,650,173	325,825	42,062,375
Plus: contributions during the year	-	20,518,987	-	20,518,987
Amount transferred to provision	-	(62,133,158)	-	(62,133,158)
Unused amounts reversed	(325,825)	(122,380)	(325,825)	(122,380)
Closing balance	<b>581,329</b>	<b>913,623</b>	<b>0</b>	<b>325,824</b>

The leave accrual is based on the total number of accrued days at the reporting date. The full amount of the leave liability is recognised as an accrual as the municipality does not have an unconditional right to defer settlement of its leave liabilities and its policies allow leave to be carried forward or paid out without any restrictions. Hence the timing and amount are certain.

### The movement on the service bonus accrual balances as above for the 2019 financial year was as follows:

#### Accrued service bonus

Opening balance	14,140,238	13,365,928	14,140,238	13,365,928
Additional provision	539,556	774,310	539,556	774,310
Closing balance	<b>14,679,794</b>	<b>14,140,238</b>	<b>14,679,794</b>	<b>14,140,238</b>

The accrual calculation is based on the portion of the thirteenth cheque payable that falls due within the current year. The municipality has an obligation to pay a service bonus in terms of its condition of employment.

### 21. Vat Payable

78,851,828	73,492,673	78,851,828	73,492,673
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### 22. Taxes and transfers payable (non - exchange)

Other payables from non - exchange transactions	9,689,040	9,004,128	9,689,040	9,004,128
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This amount relates to June 2019 PAYE, UIF and SDL paid to SARS during July 2019

### 23. Current tax payable (receivable)

#### South African normal tax

Current tax - South African effective and normal rate (28%)

#### Tax asset/(liability)

Amount paid /(payable) at beginning of the year	486,926	-	-	-
Paid during the year	(1,891,567)	-	-	-
Current tax	1,436,626	486,926	-	-
Less: Tax refund	-	-	-	-
	<b>31,985</b>	<b>486,926</b>	<b>-</b>	<b>-</b>



# Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2019	2018	2019	2018
	R	Restated	R	Restated
	R	R	R	R
<b>24. Consumer deposits</b>				
Water and Sanitation	3,056,332	3,017,984	3,056,332	3,017,984

The consumer deposits relate to the water and sanitation function.

The municipality does not have an unconditional right to defer the payment of the consumer deposits.

Deposits are released when an owner of the property terminates the contract with the municipality to supply water to the property.

### 25. Revenue

Service charges	364,264,924	262,030,590	364,264,924	262,030,590
Rental of facilities and equipment	267,582	308,026	267,582	308,026
Interest earned outstanding receivables	65,599,065	11,555,029	65,599,065	11,555,029
Other income	3,575,905	2,296,095	3,564,061	2,021,295
Interest received - investments	19,321,253	6,723,311	18,984,425	6,542,063
Government grants & subsidies	1,338,758,999	1,266,514,260	1,340,111,817	1,283,745,033
Own revenue - VAT other grant	26,885,164	17,608,569	26,885,164	17,608,569
Own revenue - VAT MIG	46,109,278	49,007,661	46,109,278	49,007,661
	<b>1,864,782,171</b>	<b>1,616,043,541</b>	<b>1,865,786,317</b>	<b>1,632,818,266</b>

The amount included in revenue arising from exchange of goods or services are as follows:

Service charges	364,264,924	262,030,590	364,264,924	262,030,590
Rental of facilities and equipment	267,582	308,026	267,582	308,026
Interest earned outstanding receivables	65,599,065	11,555,029	65,599,065	11,555,029
Other income	3,838,861	2,737,912	3,564,061	2,021,295
Interest received - investments	19,165,673	6,674,306	18,984,425	6,542,063
	<b>453,136,106</b>	<b>283,305,862</b>	<b>452,680,058</b>	<b>282,457,002</b>

The amount included in revenue arising from Non exchange of goods or services are as follows:

### Transfer revenue

Government grants & subsidies	1,338,758,999	1,266,514,260	1,340,111,817	1,283,745,033
Own revenue - VAT other grant	26,885,164	17,608,569	26,885,164	17,608,569
Own revenue - VAT MIG	46,109,278	49,007,661	46,109,278	49,007,661
	<b>1,411,753,441</b>	<b>1,333,130,490</b>	<b>1,413,106,259</b>	<b>1,350,361,263</b>

### 26. Service charges

Sale of water	254,598,658	171,527,917	254,598,658	171,527,917
Sewerage and sanitation charges	104,081,786	85,873,314	104,081,786	85,873,314
Other service charges	5,584,481	4,629,360	5,584,481	4,629,360
	<b>364,264,924</b>	<b>262,030,590</b>	<b>364,264,924</b>	<b>262,030,590</b>

Service charges are reflected at an amount net of subsidy to indigents amounting to R11 462 600 (2018 : R 17 422 415) for both water and sanitation

### 27. Rental facilities and equipment

#### Facilities and equipment

Premises and facilities	267,582	308,026	267,582	308,026
	<b>267,582</b>	<b>308,026</b>	<b>267,582</b>	<b>308,026</b>

### 28. Other income

Commission	910,803	800,357	910,803	800,357
Connection fees	1,218	(37,802)	1,218	(37,802)
Sundry income	2,663,834	1,532,680	2,651,990	1,257,880
Illegal parking fines	50	860	50	860
	<b>3,575,905</b>	<b>2,296,095</b>	<b>3,564,061</b>	<b>2,021,295</b>

### 29. Interest received

Bank	17,379,004	5,716,891	17,042,176	5,535,643
Financial assets	1,942,249	1,006,420	1,942,249	1,006,420
	<b>19,321,253</b>	<b>6,723,311</b>	<b>18,984,425</b>	<b>6,542,063</b>

### 30. Transfers and grant expenditure

Other subsidies	7,299,791	44,145,333	9,291,577	43,662,675
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#### Comprised of:

Internships	8,903,074	9,012,421	8,903,074	9,012,421
Assets: Sanitation	918,827	350,372	918,827	350,372
Assets: Water	(530,323)	33,272,771	(530,323)	33,272,771
Project Management	(1,991,786)	1,509,768	-	1,027,110

This expenditure relates to non capital items.

### 31. Government grants and subsidies

#### Operating grants

Other grant income	1,030	1,486,873	-	-
Conditional grants: conditions met - transferred to revenue	-	6,373,282	-	6,373,282
Other government grants and subsidies	33,916,117	707,310	33,760,520	707,310
Levy replacement grant	144,016,400	329,456,382	144,016,400	329,456,382
Equitable share	641,529,600	427,675,618	641,529,600	427,675,618
	<b>819,463,147</b>	<b>765,699,465</b>	<b>819,306,520</b>	<b>764,212,592</b>

#### Capital grants

Neighbourhood development grant	6,490,555	8,083,001	8,000,000	8,000,000
Water Services Infrastructure Grant (WSIG)	69,741,725	74,366,566	69,741,725	74,366,566
Rural bulk infrastructure grant (RBIG)	84,153,229	52,759,023	84,153,229	52,759,023
Municipal infrastructure grant (MIG)	358,910,343	384,406,852	358,910,343	384,406,852
	<b>519,295,852</b>	<b>519,615,442</b>	<b>520,805,297</b>	<b>519,532,441</b>
	<b>1,338,758,999</b>	<b>1,285,314,907</b>	<b>1,340,111,817</b>	<b>1,283,745,033</b>

#### Conditional and Unconditional

##### Unconditional

##### Equitable share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigent receive a monthly subsidy of which is funded from the grant.

##### Equitable share

Current year receipts	641,529,600	427,675,618	641,529,600	427,675,618
Conditions met - transferred to revenue	(641,529,600)	(427,675,618)	(641,529,600)	(427,675,618)
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

##### Levy grant replacement

Current year receipts	144,016,400	329,456,382	144,016,400	329,456,382
Conditions met - transferred to revenue	(144,016,400)	(329,456,382)	(144,016,400)	(329,456,382)
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Regional Services Council levies were abolished during 2006. This grant is used to subsidise the operations of the District Municipality due to the significant change in funding.

#### Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 3 of 2018), no significant changes in the level of government grant funding are expected over the forthcoming three financial years.

# Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2019	2018	2019	2018
	R	Restated	R	Restated
<b>Conditional</b>				
<b>Municipal infrastructure grant (MIG)</b>				
Balance unspent at beginning of year	5,816,286	2,791,799	5,816,286	2,791,799
Current year receipts	399,232,000	436,439,000	399,232,000	436,439,000
Conditions met - transferred to revenue	(405,019,621)	(433,414,513)	(405,019,621)	(433,414,513)
	<b>28,665</b>	<b>5,816,286</b>	<b>28,665</b>	<b>5,816,286</b>
Conditions still to be met - remain liabilities ( see note 17)				
<b>Regional bulk infrastructure (RBIG)</b>				
Balance unspent at beginning of year	871,121	766,801	871,121	766,801
Current year receipts	96,625,639	59,954,352	96,625,639	59,954,352
Conditions met - transferred to revenue	(96,625,408)	(59,850,032)	(96,625,408)	(59,850,032)
	<b>871,352</b>	<b>871,121</b>	<b>871,352</b>	<b>871,121</b>
Conditions still to be met - remain liabilities ( see note 17)				
<b>Expanded public works programme (EPWP)</b>				
Balance unspent at beginning of year	(2,913)	332,839	(2,913)	332,839
Current year receipts	2,446,000	1,527,000	2,446,000	1,527,000
Conditions met - transferred to revenue	(2,433,057)	(1,529,913)	(2,433,057)	(1,529,913)
Unspent amount returned to funder	-	(332,839)	-	(332,839)
	<b>10,030</b>	<b>(2,913)</b>	<b>10,030</b>	<b>(2,913)</b>
Conditions still to be met - remain liabilities ( see note 17)				
<b>Financial management (FMG)</b>				
Balance unspent at beginning of year	(83,934)	298,140	(83,934)	298,140
Current year receipts	1,000,000	1,250,000	1,000,000	1,250,000
Condition met - transferred to revenue	(954,905)	(1,250,000)	(954,905)	(1,250,000)
Unspent amount returned to funder	-	(382,074)	-	(382,074)
	<b>(38,839)</b>	<b>(83,934)</b>	<b>(38,839)</b>	<b>(83,934)</b>
Conditions still to be met - remain liabilities ( see note 17)				
<b>Rural Roads Asset Management Grant (RAMS)</b>				
Balance unspent at beginning of year	2,544,758	500,597	2,544,758	500,597
Current year receipts	2,939,000	2,933,000	2,939,000	2,933,000
Conditions met - transferred to revenue	(1,488,651)	(388,241)	(1,488,651)	(388,241)
Unspent amount returned to funder	(2,544,758)	(500,598)	(2,544,758)	(500,598)
	<b>1,450,350</b>	<b>2,544,758</b>	<b>1,450,350</b>	<b>2,544,758</b>
Conditions still to be met - remain liabilities ( see note 17)				
<b>Municipal Water Infrastructure (WSIG)</b>				
Balance unspent at beginning of year	8,570,298	3,249,377	8,570,298	3,249,377
Current year receipts	100,000,000	90,000,000	100,000,000	90,000,000
Conditions met - transferred to revenue	(104,761,654)	(84,679,079)	(104,761,654)	(84,679,079)
	<b>3,808,643</b>	<b>8,570,298</b>	<b>3,808,643</b>	<b>8,570,298</b>
Conditions still to be met - remain liabilities ( see note 17)				
<b>Water Services Infrastructure Grant - Drought Relief (WSIG)</b>				
Balance unspent at beginning of year	-	-	-	-
Current year receipts	64,088,000	-	64,088,000	-
Conditions met - transferred to revenue	(6,722,580)	-	(6,722,580)	-
	<b>57,365,420</b>	<b>-</b>	<b>57,365,420</b>	<b>-</b>
Conditions still to be met - remain liabilities ( see note 17)				
<b>EC BCM Waste Management</b>				
Balance unspent at beginning of year	-	53,191	-	-
Current year receipts	-	-	-	-
Conditions met - transferred to revenue	-	(11,661)	-	-
Return of unspent grant to Department of Environmental Affairs	-	(41,530)	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EC Adopt a Spot</b>				
Balance unspent at beginning of year	(1)	1,000,749	-	-
Current year receipts	-	4,154	-	-
Conditions met - transferred to revenue	1	(978,702)	-	-
Return of unspent grant to Department of Environmental Affairs	-	(26,202)	-	-
	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>-</b>
<b>Natural Resource Management Grant (NRM)</b>				
Balance unspent at beginning of year	2,783,067	3,279,576	-	-
Current year receipts	-	-	-	-
Conditions met - transferred to revenue	(1,655)	(496,509)	-	-
Return of unspent grant to Department of Environmental Affairs	(2,781,412)	-	-	-
	<b>-</b>	<b>2,783,067</b>	<b>-</b>	<b>-</b>
The NRM grant was returned to the Departmental of Environmental Affairs during the 2019 financial year.				
A Board decision was taken to cancel the NRM project as it became too expensive for ASPIRE to implement .An amount of R2 781 412 was returned to Department of Environmental Affairs.				
<b>Neighbourhood Development Partnership Grant (NDPG)</b>				
Balance unspent at beginning of year	388,879	2,023,574	-	-
Current year receipts	8,296,159	8,282,955	8,000,000	8,000,000
Conditions met - transferred to revenue	(6,490,554)	(8,083,001)	(8,000,000)	(8,000,000)
Return of Unspent grant to National Treasury	-	(1,834,649)	-	-
	<b>2,194,484</b>	<b>388,879</b>	<b>-</b>	<b>-</b>
Conditions still to be met - remain liabilities ( see note 17)				
<b>Municipal Disaster Grant</b>				
Balance unspent at beginning of year	566,593	-	566,593	-
Current year receipts	-	1,380,000	-	1,380,000
Conditions met - transferred to revenue	-	(813,407)	-	(813,407)
	<b>566,593</b>	<b>566,593</b>	<b>566,593</b>	<b>566,593</b>
Conditions still to be met - remain liabilities ( see note 17)				
<b>Industrial Development Corporation</b>				
Balance unspent at beginning of year	831,146	831,146	-	-
	<b>831,146</b>	<b>831,146</b>	<b>-</b>	<b>-</b>
Conditions still to be met - remain liabilities ( see note 17)				
<b>Department of Rural Development and Agrarian Land Reform</b>				
Balance unspent at beginning of year	405	405	-	-
Written off during the year	(405)	-	-	-
	<b>-</b>	<b>405</b>	<b>-</b>	<b>-</b>
Conditions still to be met - remain liabilities ( see note 17)				
A balance of R405 of unspent funds to the Department of Rural Development and Agrarian Reform was written off during the 2018/19 financial year. This balance was carried forward from previous financial years.				

# Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2019	2018	2019	2018
	R	Restated	R	Restated
<b>DEDEAT/ECDC - Emthonjeni Arts</b>				
Balance unspent at beginning of year	21,275	21,275	-	-
Written -off during the year	(21,275)	-	-	-
	-	21,275	-	-
Conditions still to be met - remain liabilities ( see note 17)				
A balance of R21 275 of unspent funds relating to DEDEAT/ECDC -Emthonjeni Arts project was written off during the 2018/19 financial year. This balance was carried forward from previous financial years.				
<b>DBSA Drylands fund - Ndakana</b>				
Balance unspent at beginning of year	5,439	5,439	-	-
Written -off during the year	(5,439)	-	-	-
Conditions met - transferred to revenue	-	-	-	-
	-	5,439	-	-
Conditions still to be met - remain liabilities ( see note 17)				
<b>32. Employee related costs</b>				
Employee related costs - Salaries and Wages	408,696,529	404,385,841	402,798,777	396,306,150
Bonus	32,448,064	34,826,070	32,448,064	34,826,070
Medical aid - company contributions	37,649,709	59,139,171	37,649,709	59,139,171
UIF	2,876,175	3,013,445	2,791,471	2,889,871
WCA	4,802	(31,725)	-	(36,556)
Leave pay provision charge	14,834,425	61,529,527	14,717,356	61,335,921
Contribution: Pension fund	71,121,275	69,198,626	70,394,164	68,508,996
Contribution: Group life	2,978,983	3,176,392	2,978,983	3,176,392
Bargaining council	165,216	162,896	165,216	162,896
Employee benefit contribution	29,222,349	6,572,689	29,222,349	6,572,689
Travel, motor car, accommodation, subsistence and other allowances	38,167,333	34,928,191	37,955,297	34,928,191
Overtime payments	35,571,199	28,872,311	35,571,199	28,872,311
Car allowance	17,825,835	17,295,480	17,825,835	17,295,480
Housing benefits and allowances	11,407,786	2,706,576	11,407,786	2,706,576
Allowance: cell phone	10,148,920	10,084,993	10,148,920	10,084,993
Allowance: shift	2,835,119	2,658,265	2,835,119	2,658,265
Allowance: Standby, Night and Sunday	12,931,469	11,365,458	12,931,469	11,365,458
Service in kind-ACFO	-	-	-	-
	<b>728,885,188</b>	<b>749,884,205</b>	<b>721,841,714</b>	<b>740,792,873</b>
<b>Amounts expended in respect of retirement benefit plans</b>				
Defined contribution funds	103,908,667	100,960,628	103,908,667	100,960,628
Defined benefits funds	2,573,177	2,819,714	2,573,177	2,819,714
	<b>106,481,843</b>	<b>103,780,342</b>	<b>106,481,843</b>	<b>103,780,342</b>
<b>Remuneration of Municipal Manager</b>				
Annual Remuneration	2,436,616	2,301,682	2,436,616	2,301,682
Contribution to UIF, Medical and Pension Funds	1,782	1,785	1,782	1,785
Cell phone allowance	13,200	13,000	13,200	13,000
	<b>2,451,598</b>	<b>2,316,467</b>	<b>2,451,598</b>	<b>2,316,467</b>
<b>Remuneration of Chief Financial Officer</b>				
Remuneration	1,084,912	1,061,984	1,084,912	1,061,984
Contribution to UIF, Medical and Pension Funds	197,065	206,027	197,065	206,027
Cell phone allowance	-	43,074	-	43,074
Travel allowance	168,000	135,000	168,000	135,000
Back Pay of Remuneration	-	154,440	-	154,440
Housing allowance	349,349	-	349,349	-
	<b>1,799,326</b>	<b>1,600,525</b>	<b>1,799,326</b>	<b>1,600,525</b>
<b>Remuneration of the Director: Engineering</b>				
Remuneration	902,424	970,097	902,424	970,097
Leave encashment	207,775	-	207,775	-
Contribution to UIF, Medical and Pension Funds	147,726	49,937	147,726	49,937
Travel allowance	205,000	60,000	205,000	60,000
Housing allowance	244,290	39,999	244,290	39,999
	<b>1,707,215</b>	<b>1,120,033</b>	<b>1,707,215</b>	<b>1,120,033</b>
The Director Engineering resigned with effect 31 March 2019. The new Director was appointed on 1 June 2019.				
<b>Remuneration of the Director: Strategic Management</b>				
Remuneration	1,557,549	1,058,330	1,557,549	1,058,330
Performance bonuses	-	-	-	-
Contribution to UIF, Medical and Pension Funds	1,782	20,738	1,782	20,738
Cell phone allowance	-	4,786	-	4,786
Travel allowance	240,000	182,000	240,000	182,000
	<b>1,799,331</b>	<b>1,265,854</b>	<b>1,799,331</b>	<b>1,265,854</b>
<b>Remuneration of the Director: Corporate services</b>				
Remuneration	996,451	760,771	996,451	760,771
Housing Allowance	382,784	138,000	382,784	138,000
Contribution to UIF, Medical and Pension Funds	231,758	165,374	231,758	165,374
Cell phone Allowance	-	4,786	-	4,786
Travel Allowance	180,000	147,720	180,000	147,720
	<b>1,790,993</b>	<b>1,216,651</b>	<b>1,790,993</b>	<b>1,216,651</b>
<b>Remuneration of the Director: Community Services</b>				
Annual Remuneration	1,278,363	1,278,364	1,278,363	1,278,364
Contribution to UIF, Medical and Pension Funds	251,062	251,066	251,062	251,066
Leave encashment	-	-	-	-
Cell phone allowance	57,432	57,432	57,432	57,432
Travel, motor car, accommodation , subsistence and other allowance	275,812	291,136	275,812	291,136
Group life	27,867	-	27,867	-
Back pay of remuneration	278,158	70,487	278,158	70,487
	<b>2,168,694</b>	<b>1,948,484</b>	<b>2,168,694</b>	<b>1,948,484</b>
<b>Remuneration of the Director : Legislative Executive Services</b>				
Annual Remuneration	895,463	1,151,314	895,463	1,151,314
Performance bonuses	-	-	-	-
Contribution to UIF, Medical and Pension Funds	1,038	11,327	1,038	11,327
Cell phone allowance	33,502	43,074	33,502	43,074
Travel allowance	151,669	260,005	151,669	260,005
Group Life	143,254	18,355	143,254	18,355
Housing allowance	23,411	70,487	23,411	70,487
	<b>1,265,067</b>	<b>1,554,562</b>	<b>1,265,067</b>	<b>1,554,562</b>
The Director Legislative and Executive Services contract expired with effect 1 January 2019				
<b>Remuneration of the Director: Land, Human Settlements and Economic Development</b>				
Remuneration	1,066,327	710,886	1,066,327	710,886
Contribution to UIF, Medical and Pension Funds	193,718	129,149	193,718	129,149
Travel allowance	180,000	120,000	180,000	120,000
Housing allowance	359,282	120,000	359,282	120,000
	<b>1,799,327</b>	<b>1,080,035</b>	<b>1,799,327</b>	<b>1,080,035</b>

# Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2019	2018	2019	2018
	R	Restated	R	Restated
<b>Remuneration of Chief Executive Officer</b>				
Annual Remuneration	1,695,790	1,583,353	-	-
Contribution to UIF, Medical and Pension Funds	211,947	198,837	-	-
	<b>1,907,737</b>	<b>1,782,190</b>	-	-
<b>Remuneration of Company Secretary</b>				
Annual Remuneration	768,301	806,274	-	-
Company contributions to Provident fund	87,888	15,034	-	-
UIF and levies	8,953	9,699	-	-
	<b>865,142</b>	<b>831,007</b>	-	-
The company secretary resigned with effect 30 June 2018. A new secretary was appointed 1 August 2018				
<b>Remuneration of the Executive Manager of Corporate Services</b>				
Annual Remuneration	1,140,066	1,064,475	-	-
Contribution to UIF, Medical and Pension Funds	143,985	134,569	-	-
	<b>1,284,051</b>	<b>1,199,044</b>	-	-
<b>Remuneration of the Chief Financial Officer</b>				
Annual Remuneration	440,127	1,335,858	-	-
Contribution to UIF, Medical and Pension Funds	11,185	39,519	-	-
Acting Allowance	134,263	34,250	-	-
	<b>585,575</b>	<b>1,409,627</b>	-	-
The CFO resigned on 10 October 2018. An acting CFO has been seconded from 3 December 2018				
<b>33. Remuneration of councillors</b>				
Non Executive board members	1,254,374	966,812	-	-
Councillors 2019: (39) 2018 : (37)	13,173,685	12,777,530	13,173,685	12,777,530
Councillors allowance	2,068,734	1,867,270	2,068,734	1,867,270
	<b>16,496,793</b>	<b>15,611,612</b>	<b>15,242,419</b>	<b>14,644,800</b>
<b>In - kind benefits</b>				
The Executive Mayor, Speaker and Mayoral Committee Members are full- time. Each is provided with an office and secretarial support at the cost of the Council				
The Executive Mayor has use of Council owned vehicle for official duties.				
The Executive Mayor has two full -time body guards				
The salary allowances and benefits of the political office - bearers are within the upper limits of the framework prescribed by Sec 219 of Constitution.				
<b>Executive Mayor: N.W Nxawe</b>				
Salary	987,363	968,008	987,363	968,008
Cell phone Allowances	40,800	40,800	40,800	40,800
3G Allowance	3,600	3,600	3,600	3,600
Travel Allowance	-	-	-	-
Contribution to UIF, Medical and Pension Funds	-	-	-	-
	<b>1,031,763</b>	<b>1,012,408</b>	<b>1,031,763</b>	<b>1,012,408</b>
<b>Speaker: N. Ndikinda</b>				
Salary	789,888	774,405	789,888	774,405
Cell phone Allowances	40,800	40,800	40,800	40,800
3G Allowance	3,600	3,600	3,600	3,600
	<b>834,288</b>	<b>818,805</b>	<b>834,288</b>	<b>818,805</b>
<b>Cllr Jacobs</b>				
Salary	555,391	544,504	555,391	544,504
Cell phone Allowances	40,800	40,800	40,800	40,800
Travel Allowance	185,127	181,501	185,127	181,501
3G Allowance	2,700	3,600	2,700	3,600
	<b>784,018</b>	<b>770,405</b>	<b>784,018</b>	<b>770,405</b>
<b>Cllr. N Mgidlana</b>				
Salary	556,920	546,000	556,920	546,000
Cell phone Allowances	40,800	40,800	40,800	40,800
Housing Allowance	183,601	94,288	183,601	94,288
3G Allowance	3,600	3,600	3,600	3,600
	<b>784,921</b>	<b>684,689</b>	<b>784,921</b>	<b>684,689</b>
<b>Cllr. SM Zuka</b>				
Salary	740,521	726,005	740,521	726,005
Cell phone Allowances	40,800	40,800	40,800	40,800
3G Allowance	3,600	3,600	3,600	3,600
	<b>784,921</b>	<b>770,405</b>	<b>784,921</b>	<b>770,405</b>
<b>Cllr. B.M Ganjana</b>				
Salary	740,521	726,005	740,521	726,005
Cell phone Allowances	40,800	40,800	40,800	40,800
3G Allowance	3,600	3,600	3,600	3,600
	<b>784,921</b>	<b>770,405</b>	<b>784,921</b>	<b>770,405</b>
<b>Cllr. M.M Namba</b>				
Salary	740,521	726,003	740,521	726,003
Cell phone Allowances	40,800	40,800	40,800	40,800
3G Allowance	3,600	3,600	3,600	3,600
	<b>784,921</b>	<b>770,403</b>	<b>784,921</b>	<b>770,403</b>
<b>Cllr. N.W Kabane</b>				
Salary	655,357	577,173	655,357	577,173
Cell phone Allowances	40,800	40,800	40,800	40,800
Travel Allowance	85,155	83,491	85,155	83,491
3G Allowance	3,600	3,600	3,600	3,600
Contribution to UIF, Medical and Pension Funds	-	73,508	-	73,508
	<b>784,912</b>	<b>778,572</b>	<b>784,912</b>	<b>778,572</b>
<b>Cllr. N.W Tekile</b>				
Salary	53,295	726,003	53,295	726,003
Cell phone Allowances	6,800	40,800	6,800	40,800
3G Allowance	260	3,600	260	3,600
	<b>60,355</b>	<b>770,403</b>	<b>60,355</b>	<b>770,403</b>
The position is currently vacant as at end of June 2019				
<b>Cllr. N.A Bonga</b>				
Salary	740,521	726,003	740,521	726,003
Cell phone Allowances	40,800	40,800	40,800	40,800
3G Allowance	3,600	3,600	3,600	3,600
	<b>784,921</b>	<b>770,403</b>	<b>784,921</b>	<b>770,403</b>
<b>Cllr. N Plaatjie</b>				
Salary	53,295	726,005	53,295	726,005
Cell phone Allowances	2,937	40,800	2,937	40,800
3G Allowance	260	3,600	260	3,600
	<b>56,492</b>	<b>770,405</b>	<b>56,492</b>	<b>770,405</b>
The position is currently vacant as at end of June 2019				

## Amathole District Municipality

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### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2019	2018	2019	2018
	R	Restated	R	Restated
<b>Cllr. Z Mngwazi</b>				
Salary	687,226	-	687,226	-
Cell phone Allowances	37,863	-	37,863	-
3G Allowance	3,340	-	3,340	-
	<b>728,429</b>		<b>728,429</b>	
Cllr. Mngwazi has been Acting on behalf of the Executive Mayor since May 2019.				
<b>Agency's Directors' remuneration: Non - Executive Board Members</b>				
Adendorff C.M (Chairperson)	99,324	-	-	-
Williams M.A (Deputy Chairperson)	36,000	-	-	-
Khanyile S.	54,238	-	-	-
Mbende NE	190,824	127,978	-	-
July MM	82,508	99,152	-	-
Buswana T	74,625	85,500	-	-
Mushohwe F	97,125	153,250	-	-
Mosehana MM	104,483	84,492	-	-
Nkwentsha TW	52,250	81,888	-	-
Qunta AT	34,500	83,000	-	-
Travel and accommodation	89,628	15,302	-	-
Board registration fees	21,870	-	-	-
	<b>937,375</b>	<b>730,562</b>		
<b>34. Depreciation, amortisation and impairment</b>				
Property, plant and equipment	129,688,667	110,717,752	129,618,457	110,630,362
Property, plant and equipment	110,761,954	95,524,132	110,691,744	95,438,864
Intangible assets	12,767,445	12,769,731	12,767,445	12,767,609
Investment property	357,356	357,356	357,356	357,356
	<b>123,886,754</b>	<b>108,651,219</b>	<b>123,816,544</b>	<b>108,563,829</b>
<b>Impairment</b>				
	<b>5,801,912</b>	<b>2,066,533</b>	<b>5,801,912</b>	<b>2,066,533</b>
Property, plant and equipment	5,690,847	2,066,533	5,690,847	2,066,533
Intangible assets	111,065	-	111,065	-
<b>35. Finance costs</b>				
Total finance costs	26,002,681	27,598,656	26,002,681	27,527,497
Finance leases	7,832	39,191	7,832	39,191
Employee benefit obligation	24,303,496	26,400,638	24,303,496	26,400,638
VAT interest/SARS	-	918,612	-	918,612
Rehabilitation provision of solid waste side	963,605	240,215	963,605	169,056
Interest overdue accounts	727,747	-	727,747	-
	<b>26,002,681</b>	<b>27,598,656</b>	<b>26,002,681</b>	<b>27,527,497</b>
<b>36. Debt impairment</b>				
Contributions to debt impairment provision - other	-	12,896,423	-	12,896,423
Contributions to debt impairment provision - sewer	107,134,041	54,012,457	107,134,041	54,012,457
Contributions to debt impairment provision - water	139,643,448	95,358,165	139,643,448	95,358,165
	<b>246,777,489</b>	<b>162,267,045</b>	<b>246,777,489</b>	<b>162,267,045</b>
<b>37. Bulk purchases</b>				
Water	103,846,606	92,358,696	103,846,606	92,358,696
<b>38. Contracted services</b>				
<b>Contractual amounts</b>				
Office equipment	1,043,220	2,323,833	1,006,007	2,283,789
Accommodation	34,800,035	38,142,096	34,178,595	37,604,197
Cleaning & hygiene	299,447	355,350	299,447	355,350
Sewerage	909,665	1,118,020	909,665	1,118,020
	<b>37,052,367</b>	<b>41,939,300</b>	<b>36,393,714</b>	<b>41,361,357</b>
The comparative figure for contracted services has been restated to align with mSCOA reporting requirements. Refer note 59.				
<b>39. Inventory consumed</b>				
VIP toilet structures	141,660,722	73,168,578	141,660,722	73,168,578
The amount includes the value of completed structures that have been constructed and transferred to the beneficiaries.				
<b>40. Operational costs</b>				
Administration costs	277,695	294,014	277,695	294,014
Advertising and Communication	1,088,820	524,167	997,340	497,040
Commission paid	19,526,381	18,384,982	19,526,381	18,384,982
Amathole Economic Development Agency	-	-	15,525,799	13,500,000
Audit committee	672,000	816,495	672,000	816,495
Audit fees	7,398,078	6,355,502	6,798,878	5,778,313
Bank Charges	670,130	833,865	648,641	801,052
Chemicals	11,464,395	10,291,307	11,464,395	10,291,307
Cleaning material	876,872	59,276	862,727	48,920
Community Based Organisation	7,353,851	5,852,328	7,353,851	5,852,328
Conference expenses	1,090,344	1,146,387	1,090,344	1,146,387
Legal fees and Litigation	7,015,971	4,199,214	7,015,971	4,199,214
Consultants	10,662,580	11,897,639	9,809,210	11,353,621
Consumables	-	(253,459)	-	(253,639)
Database expenditure	76,567	98,036	76,567	98,036
Municipal Utilities	41,354,979	38,955,925	41,223,204	38,900,604
Emergency provisions (dm)	197,532	406,774	197,532	406,774
Employee welfare	54,308	254,267	-	210,425
Entertainment expenses	511	11,904	511	11,904
Hiring costs	1,449,802	393,762	1,449,802	393,762
Housing inventory	6,282	6,334,796	6,282	6,334,796
Insurance Premium Cost	4,769,514	3,585,302	4,668,292	3,466,622
Licenses and subscriptions	710,384	789,723	670,784	747,648
Membership fees	8,312,721	6,567,863	8,312,721	6,567,863
Storage of Files	52,496	76,563	52,496	76,563
Postage and courier	1,227,356	1,710,118	1,226,756	1,709,645
Printing and stationery	477,201	558,875	408,059	495,191
Protective clothing and uniforms	432,256	12,033	432,256	12,033
Refreshments and Catering	1,030,956	1,484,174	1,014,808	1,484,174
Telephone and data expenses	4,045,425	7,380,509	3,867,252	7,153,997
Recruitment expenditure	18,523	4,688	2,950	-
Sampling and testing	1,693,534	1,431,479	1,693,534	1,431,479
Security services	26,231,727	27,215,264	26,203,474	27,190,209
Skills Development Levy	5,770,044	5,435,875	5,770,044	5,435,875
Software and computer expenditure	21,848,643	11,339,571	21,745,104	11,205,176
Solid waste site external region costs	4,757,823	3,274,611	4,757,823	3,274,611
Special programmes	4,006,475	6,566,501	4,006,475	6,566,501
Subsistence and Travel	9,739,292	9,349,332	9,543,894	9,213,729
Transport and freight	14,399,936	13,232,506	14,399,936	13,232,506
	<b>220,761,404</b>	<b>206,872,168</b>	<b>233,773,788</b>	<b>218,330,157</b>

# Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2019	2018	2019	2018
	R	Restated	R	Restated
The comparative figure for operational costs has been restated to align with MSCOA reporting requirements. Refer Note 59.				
<b>41. Auditors' remuneration</b>				
Fees paid	7,398,078	6,355,502	6,798,878	5,778,313
<b>42. Net cash flows from operating activities</b>				
Surplus	304,665,430	167,386,056	301,116,327	165,742,792
<b>Adjustments for:</b>				
Depreciation, amortisation and impairment	129,577,606	110,717,751	129,507,396	110,630,362
Gain (loss) on sale of asset and liabilities	1,180,488	906,515	1,200,625	845,942
Finance costs	-	27,527,496	-	27,527,496
Debt impairment	246,777,489	162,267,045	246,777,489	162,267,045
Movement in retirement benefit assets and liabilities	-	(24,073,595)	-	(24,073,595)
Movement in provision	-	(105,130,189)	-	(105,130,189)
Actuarial gain and loss defined benefit	(117,848,731)	(75,524,502)	(117,848,731)	(75,524,502)
Movement in tax receivable and payable	(454,942)	486,926	-	-
Movement in operating lease assets and accruals	3,483	(38,966)	-	-
<b>Changes in working capital:</b>				
Decrease/(increase) in inventories	(20,766,230)	5,168,680	(20,766,230)	5,168,680
(Increase)/ decrease Receivables from exchange transactions	(132,875,391)	(50,659,993)	(133,107,417)	(50,334,935)
Contribution to debt impairment	(246,777,489)	(162,267,045)	(246,777,489)	(162,267,045)
(Increase)/decrease in other receivables from non-exchange transactions	(4,572,844)	1,120,664	(4,572,844)	1,120,664
Increase/(decrease) in payables from exchange transactions	68,696,482	23,015,575	71,043,156	20,568,280
(Increase)/ decrease in VAT receivable	5,980,284	83,639,844	5,444,152	84,342,275
(Decrease)/increase in taxes and transfers payable (non exchange)	684,913	793,494	684,913	793,494
Increase/(decrease) in unspent conditional grants and receipts	44,480,647	9,223,650	45,458,108	12,408,794
	<b>278,751,195</b>	<b>174,559,406</b>	<b>278,159,455</b>	<b>174,085,558</b>
<b>43. Financial instruments disclosure</b>				
<b>Categories of financial instruments</b>				
<b>Group - 2019</b>				
<b>Financial assets</b>			<b>At amortised cost</b>	<b>Total</b>
Non - current receivables			1,710,803	1,710,803
Trade and other receivables from exchange transactions			303,960,362	303,960,362
Other receivables from non-exchange transactions			8,369,345	8,369,345
Cash and cash equivalents			200,298,857	200,298,857
Non - current investment			2,137,129	2,137,129
			<b>516,476,495</b>	<b>516,476,495</b>
<b>Financial liabilities</b>			<b>At amortised cost</b>	<b>Total</b>
Trade and other payables from exchange transactions			466,733,782	466,733,782
			<b>466,733,782</b>	<b>466,733,782</b>
<b>Group - 2018</b>				
<b>Financial assets</b>			<b>At amortised cost</b>	<b>Total</b>
Non - current receivables			1,710,803	1,710,803
Trade and other receivables from exchange transactions			170,852,945	170,852,945
Other receivables from non-exchange transactions			4,028,527	4,028,527
Cash and cash equivalents			189,959,346	189,959,346
Non - current investment			2,000,000	2,000,000
			<b>368,551,621</b>	<b>368,551,621</b>
<b>Financial liabilities</b>			<b>At amortised cost</b>	<b>Total</b>
Trade and other payables from exchange transactions			398,037,301	398,037,301
			<b>398,037,301</b>	<b>398,037,301</b>
<b>Municipality - 2019</b>				
<b>Financial assets</b>			<b>At amortised cost</b>	<b>Total</b>
Current portion of non current receivables			1,710,803	1,710,803
Trade and other receivables from exchange transactions			303,960,362	303,960,362
Other receivables from non-exchange transactions			8,206,603	8,206,603
Cash and cash equivalents			190,152,984	190,152,984
Non - current investment			2,137,129	2,137,129
			<b>506,167,880</b>	<b>506,167,880</b>
<b>Financial liabilities</b>			<b>At amortised cost</b>	<b>Total</b>
Trade and other payables from exchange transactions			465,453,170	465,453,170
			<b>465,453,170</b>	<b>465,453,170</b>
<b>Municipality - 2018</b>				
<b>Financial assets</b>			<b>At amortised cost</b>	<b>Total</b>
Non - current receivables			1,710,803	1,710,803
Trade and other receivables from exchange transactions			3,633,759	3,633,759
Other receivables from non-exchange transactions			170,852,945	170,852,945
Cash and cash equivalents			180,243,676	180,243,676
Non - current investment			2,000,000	2,000,000
			<b>358,441,183</b>	<b>358,441,183</b>
<b>Financial liabilities</b>			<b>At amortised cost</b>	<b>Total</b>
Trade and other payables from exchange transactions			394,410,014	394,410,014
			<b>394,410,014</b>	<b>394,410,014</b>
<b>44. Commitments</b>				
<b>Authorised capital expenditure</b>				
<b>Already contracted for but not provided for</b>				
• Infrastructure	526,579,944	458,778,233	526,579,944	458,778,233
• Community	4,185,694	3,981,876	4,185,694	3,981,876
• Other - Land and Buildings	4,194,038	6,888,562	3,136,038	446,614
	<b>534,959,676</b>	<b>469,648,670</b>	<b>533,901,676</b>	<b>463,206,723</b>
<b>This expenditure will be financed from</b>				
• Government Grants	532,909,580	464,224,829	531,851,580	457,782,881
• Own Resources	2,050,096	5,423,841	2,050,096	5,423,841
	<b>534,959,676</b>	<b>469,648,670</b>	<b>533,901,676</b>	<b>463,206,722</b>
The comparative amount for commitments has been restated refer to Note 59				

## Amathole District Municipality

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### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2019	2018	2019	2018
	R	Restated R	R	Restated R
<b>Operating leases - as lessee (expense)</b>				
<b>Minimum lease payments due</b>				
- within one year	34,745,583	29,246,899	34,357,536	28,433,989
- in second to fifth year inclusive	23,234,239	49,513,331	23,234,239	48,958,625
	<b>57,979,822</b>	<b>78,760,230</b>	<b>57,591,775</b>	<b>77,392,614</b>

Operating lease payments represent rentals payable by the Municipality for certain of its office properties and equipment. Leases are negotiated for an average term of two years. No contingent rent is payable.

#### Operating leases - as lessor (income)

<b>Minimum lease payments due</b>				
- within one year	90,434	225,850	90,434	225,850
- in second to fifth year inclusive	102,334	241,839	102,334	241,839
- later than five years	-	-	-	-
	<b>192,768</b>	<b>467,689</b>	<b>192,768</b>	<b>467,689</b>

Operating Leases consists of the following:  
Operating lease payments represent rentals receivable by the Municipality for certain of its properties situated in Stutterheim, Komga, Cathcart.  
No contingent rent is payable.

Leases are negotiated for an average of 7 years and rentals escalate by an average of 10% annually.

#### 45. Contingencies

##### Contingent liabilities

##### Legal claims

The following claims submitted to the legal department of the municipality are in the process of being resolved. The estimated liability of such claims, should the claimant be successful is disclosed.  
The timing of the legal proceedings regulating the claims is uncertain.

Legal disputes relate to:

##### Compensation for goods delivered by suppliers

The municipality is disputing claims by suppliers for goods delivered	351,918	5,922,918	351,918	5,922,918
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The municipality has been sued in respect of a vehicle that was taken to the complainant to be repaired by Nkonkobe Local Municipality years ago and was never collected. There is uncertainty as to who actually owns the vehicle in question. The municipality is being sued for storage fees. Default judgement was granted against ADM and a Warrant of Execution was issued. ADM is not willing to pay for a vehicle it does not own.

	19,094	19,094	19,094	19,094
<b>Compensation for work performed by a contractor</b>	<b>1,323,586</b>	<b>1,323,586</b>	<b>1,323,586</b>	<b>1,323,586</b>

The claim is in respect of services rendered in the amount of R 1 323 586. The entity performed poorly but were nonetheless paid proportionately in terms of the agreement. Exceptions have been raised. The matter is not progressing.

<b>Non payment of the balance of the contract price</b>	<b>-</b>	<b>805,570</b>	<b>-</b>	<b>805,570</b>
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The service provider has instituted an action for payment of the balance of the contract price. The Municipality is defending the claim. The deferred matter and claim withdrawn.

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2019	2018	2019	2018
	R	Restated	R	Restated
	R	R	R	R
<b>Labour Dispute</b>				
Employee's claim	1,570,356	1,570,356	-	-
In the current year, a former employee demanded payment for monies owed in respect of amounts originally deducted from a lump sum payment including interest. The former CEO, is suing the agency for amounts that she alleges are due and payable to her in terms of the settlement agreement and her employment contract to the value of R1 570 356. A notice to defend was filed with the Court on the 30 October 2018 and served to the plaintiff. Subsequently, the plea of the particulars of claim were filed and served thus in the pleading stages. It is the responsibility of the plaintiff to file the notice for a trial date or any further documents.				
<b>Supply of toilets pursuant to a cession agreement</b>				
Supply of toilets pursuant to a cession agreement with service provider. Discovery affidavits have been filed.	34,921,848	34,921,848	34,921,848	34,921,848
<b>Supply of VIP toilets structures</b>				
The service provider supplied VIP toilet structures to the ADM before its contract was terminated. It has claimed specific performance, alternatively damages for enrichment. The discovery process is underway.	64,493,632	58,922,632	64,493,632	58,922,632
<b>Supply of water</b>				
The Minister of Water and Sanitation has sued ADM for outstanding water use charges and water research levies. The claims date back to when ADM assumed the responsibilities of water service provider. ADM has brought an exception to the claim.	46,571,286	-	46,571,286	-
<b>Compensation for services rendered</b>				
The municipality is disputing claims by supplier for services rendered based on performance requirements.	35,522,212	-	35,522,212	-
<b>Total contingent liabilities</b>	<b>184,773,931</b>	<b>103,486,004</b>	<b>183,203,575</b>	<b>101,915,648</b>
<b>Contingent Assets</b>				
The following contingent assets have been disclosed and not recognised as the outcome is dependent on a legal ruling.				
<b>Non -performance on a contract</b>				
The municipality has instituted legal action against a contractor and its surety. The municipality and its lawyers are of the opinion that the litigation is likely to be in the municipality's favour. The timing of the legal proceeding regulating the above are uncertain.	500,595	500,595	500,595	500,595
<b>Compensation for work performed by contractor</b>				
The municipality has been settled the payment of outstanding amounts claimed in relation to the construction of RDP houses. The municipality expects the recovery of the amounts construction of RDP houses. The municipality expects the recovery of the amounts from the Eastern Cape Department of Human Settlements. ADM is awaiting a pre-trial date.	4,886,641	4,886,641	4,886,641	4,886,641
<b>Cancellation of contract</b>				
A WRIT to pursue the costs has been issued and sent to the Sheriff.	1,400,000	-	1,400,000	-
<b>Fraudulent fuel purchase</b>				
Claim for fraudulent fuel purchases.	125,091	125,091	125,091	125,091
<b>Tender award for new ADM offices</b>				
Interdict to set aside tender award for new ADM offices.	-	225,840	-	225,840
<b>Breach of contract</b>				
The municipality instituted legal action against a contractor for damages related to breach of contract as a result of the contractors abandonment of the project. In law their point will most probably be upheld and the claim will be dismissed. The attorneys are of the opinion that prospects of success are minimal and the intention is to withdraw the action to save further legal costs.	-	1,198,370	-	1,198,370
<b>Legal action to recover irregular expenditure</b>				
The Municipality has instructed that the loss suffered due to the irregular and fraudulent procurement of uniform and trophies be recovered from the service providers concerned.	88,092	88,092	88,092	88,092
<b>Claims for RSC levies and Water and Sanitation</b>				
	-	73,513	-	73,513
	-	10,527	-	10,527
	35,169	35,169	35,169	35,169
	85,563	85,563	85,563	85,563
	80,646	15,627	80,646	15,627
	13,121	13,121	13,121	13,121
	100,828	100,828	100,828	100,828
	72,804	72,804	72,804	72,804
	<b>388,131</b>	<b>407,152</b>	<b>388,131</b>	<b>407,152</b>
<b>Total contingent assets</b>	<b>7,388,549</b>	<b>7,431,780</b>	<b>7,388,549</b>	<b>7,431,780</b>



## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2019	2018	2019	2018
	R	Restated R	R	Restated R
<b>46. Related parties</b>				
<b>Relationships</b>				
Controlled entities Refer to note 7				
<b>Related party transactions</b>				
Shared internal audit services	-	-	580,902	295,479
<b>Seconded services</b>				
Acting Chief Financial Officer	-	-	330,456	-
<b>Fees paid to Audit Committee Members</b>				
L. Smith	-	-	-	45,750
M. Sibani	-	-	-	30,750
P. Zizumane	-	-	60,000	63,750
T. Maqwati	-	-	65,000	20,000
E.G Duitwileg	-	-	-	10,000
V.Hlehliso	-	-	65,000	30,000
V.Ntsondo	-	-	87,000	36,000
Bothma	-	-	40,000	-
<b>Administration fees paid to (received from) related parties</b>				
Amathole Economic Development Agency (ASPIRE) - Operating subsidy	-	-	17,854,669	15,390,000
Amathole Economic Development Agency (ASPIRE) - Capital subsidy			178,936	-
<b>Neighbourhood Development Programme Grant</b>				
NDPG	-	-	8,000,000	8,000,000

The Amathole Economic Development Agency was established 1 September 2005

Place of Incorporation: South Africa

Principal Activity: To promote local economic development in the Amathole Municipal District Area.

#### Key management information

Refer to Note 32

#### 47. Prior period errors

##### Investment Property

The comparative figure for Investment Property was restated due to an error in the depreciation calculation in prior periods. The restatement impacts the Statement of financial position. The error was corrected in the current financial year and was adjusted retrospectively by an amount R682 402. Refer to **note 3**.

##### Property plant and equipment - Operational buildings

The comparative figure for Operational buildings was restated due to an error in the depreciation calculation in prior periods. The restatement impacts the Statement of financial position and Statement of financial performance.

The error was corrected in the current financial year and was adjusted retrospectively by an amount R2 611. Refer to **note 4**.

##### Property plant and equipment - Community

The comparative figure for Community was restated due to an error in the depreciation calculation in prior periods. The restatement impacts the Statement of financial position and Statement of financial performance.

The error was corrected in the current financial year and was adjusted retrospectively by an amount R9 835 355. Refer to **note 4**.

##### Property, plant and equipment - Sanitation and water supply (infrastructure)

The comparative figure for Sanitation and water supply was restated due to incorrect classification of VIP toilets prior periods. The restatement impacts the Statement of financial position and Statement of financial performance.

The error was corrected in the current financial year and was adjusted retrospectively by an amount R541 058 778. Refer to **note 4**.

The comparative figure for Sanitation and water supply was restated due to an error in the depreciation calculation. The restatement impacts the Statement of financial position and Statement of financial performance.

The error was corrected in the current financial year and was adjusted retrospectively by an amount R7 871 243. Refer to **note 4**.

The cost was aligned by R113 966 refer to note 4.

##### Property, plant and equipment - leased assets

The comparative figure for leased assets was restated due to the identification of fully depreciated assets that were not disposed in prior periods. The restatement impacts the Statement of financial position.

The error was corrected in the current financial year and was adjusted retrospectively by an amount R333 698. Refer to **note 4**.

##### Property, plant and equipment - computer equipment

The comparative figure for computer equipment was restated due to the reconciliation of asset register to the general ledger in prior periods. The restatement impacts the Statement of financial position and Statement of financial performance.

The error was corrected in the current financial year and was adjusted retrospectively by an amount R21 989. Refer to **note 4**.

##### Property, plant and equipment - furniture and office equipment

The comparative figure for furniture and office equipment was restated due to the reconciliation of asset register to the general ledger in prior periods. The restatement impacts the statement of financial performance.

The error was corrected in the current financial year and was adjusted retrospectively by an amount R735 663. Refer to **note 4**.

##### Property, plant and equipment - machinery and equipment

The comparative figure for machinery and equipment was restated due to the reconciliation of asset register to the general ledger in prior periods. The restatement impacts the statement of financial performance.

The error was corrected in the current financial year and was adjusted retrospectively by an amount R3 625 710. Refer to **note 4**.

##### Property, plant and equipment - transport assets

The comparative figure for transport assets was restated due to the reconciliation of asset register to the general ledger in prior periods. The restatement impacts the statement of financial performance.

The error was corrected in the current financial year and was adjusted retrospectively by an amount R5 370 647. Refer to **note 4**.

##### Intangible assets

The comparative figure for Intangible assets was restated due to an error in the depreciation calculation in prior periods. The restatement impacts the Statement of financial position and Statement of financial performance.

The error was corrected in the current financial year and was adjusted retrospectively by an amount R4 516 031. Refer to **note 5**.

##### Payables from exchange transactions

The comparative figure for payables from exchange transactions was restated due to a misclassification error of R256 964 The restatement impact the Statement of financial position. The error was corrected in the current financial year and was adjusted retrospectively. Refer to **note 20**.

##### ASPIRE

During the 2016/2017 financial year, a premium for provident fund was not paid over to Sanlam resulting in an understatement of Provision for Provident fund in the prior years. The error was corrected in the current financial year and was retrospectively adjusted by an amount of R7503.

During the 2016/2017 financial year, audit differences in the opening balances of the NDPG unspent conditional grant that related to prior years were identified. The above finding resulted in an understatement of unspent conditional grant by R188 925. The balance of the unspent conditional grants has been restated by this amount. The error was corrected in the current financial year and was retrospectively adjusted by an amount of R188 925.

During the 2017/2018 audit, it was identified that the following unspent conditional grant balances are no longer in the bank accounts and were used in the previous accounting periods: Department of Rural Development and Agrarian Land Reform R405, DEDEAT/ECDC Emthonjeni Arts R21 275, ADM Co ops R200 000, DBSA Drylands Funds R5 436. The above finding resulted in an overstated of unspent conditional grants by R227 119. The error was corrected in the current financial year and was retrospectively adjusted by an amount of R227 119.

## Amathole District Municipality

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	Group		Municipality	
	2019	2018	2019	2018
	R	Restated	R	Restated
The comparative figure for VAT Receivable amount on the face of the balance sheet did not agree with the final trial balance (TB) used to populate the 2017/18 financial statements. The opening balance for VAT receivable has been restated to reflect the amount on the TB being R656 460				
The correction of the error(s) results in adjustments as follows:				
<b>Statement of financial position</b>				
Increase in investment property: Accumulated depreciation			-	(682,660)
Decrease in operational buildings: Accumulated depreciation			-	2,232
Increase in Community: Accumulated depreciation			-	(8,110,979)
Decrease in Sanitation and water supply (infrastructure) work in progress			-	(513,923,930)
Increase in Sanitation and water supply (infrastructure): Accumulated depreciation			-	(7,871,243)
Decrease in leased assets			-	(333,699)
Decrease in computer equipment: Cost			-	(21,989)
Decrease in Intangible Assets: Accumulated depreciation			-	2,539,942
Decrease in Solid waste			-	4,795,092
Increase in Payables			-	(256,964)
<b>Total</b>			-	<b>(523,864,198)</b>
<b>ASPIRE</b>				
Increase Provision for provident Fund				7,503
Increase in Unspent Conditional grant				188,925
Decrease in Unspent Conditional grant				(227,119)
Net (increase /decrease in the accumulated surplus				<b>30,340</b>
<b>Statement of Financial Performance</b>				
Decrease in depreciation: Operational buildings				380
Increase in depreciation: Community			-	(1,724,375)
Increase in depreciation: Infrastructure			-	(3,651,642)
Decrease in depreciation: Intangible assets			-	1,976,088
Decrease in depreciation: Investment property			-	257
Increase in Inventory consumed			-	(73,168,578)
Increase in depreciation: Computer equipment			-	(549,181)
Decrease in depreciation: Furniture and Office equipment			-	735,663
Decrease in depreciation: Machinery and equipment			-	3,625,980
Decrease in depreciation: Transport assets			-	5,307,648
<b>Total</b>				<b>(67,447,759)</b>
Net (increase /decrease in the accumulated surplus - Municipality			-	<b>(523,864,198)</b>
Net (increase /decrease in the accumulated surplus - Group				<b>(523,833,858)</b>
<b>Cash flow</b>				
Net increase in operating activities			-	-

#### 48. Risk management

##### Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. Exposure to these risks arise in the normal course of the municipality's operations.

The Accounting Officer has the overall responsibility for the establishment and oversight of the Municipality's risk management framework. The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and reflect changes in the market conditions and the municipality's activities. Policies are approved by the Council. The Council has established a Risk Management Committee, which is responsible for developing and monitoring the municipality's risk management.

##### Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

On average 38% (2018: 43%) of receivable (own billed) income is realised within 30 days after the due date and payables are settled within 30 days of receipt of the invoice. National and Provincial grant funding is received in terms of the Division of Revenue Act (DoRA).

There has been significant change during the financial year, or since the end of the financial year, to the group's exposure to liquidity risk, the approach of measurement or the objectives, policies and processes for managing this risk.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The impact of discounting is not significant.

	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and later than five years	Total
<b>Group</b>					
<b>At 30 June 2019</b>					
Trade and other payables	362,956,858	-	103,776,925		466,733,782
Other	-	-	2,918,758		2,918,758
Gross finance leases	356	1,067	2,845	-	4,267
	<b>362,957,213</b>	<b>1,067</b>	<b>106,698,527</b>	-	<b>469,656,807</b>
<b>At 30 June 2018</b>					
Trade and other payables	308,545,697	-	89,491,604	-	398,037,301
Other	-	-	4,134,713	-	4,134,713
Gross finance leases	12,772	38,316	102,175	4,267	157,530
	<b>308,558,469</b>	<b>38,316</b>	<b>93,728,492</b>	<b>4,267</b>	<b>402,329,544</b>
<b>Municipality</b>					
<b>At 30 June 2019</b>					
Trade and other payables	362,956,858	-	102,496,313	-	465,453,170
Other	-	-	2,918,758	-	2,918,758
Gross finance leases	356	1,067	2,845	-	4,267
	<b>362,957,213</b>	<b>1,067</b>	<b>105,417,915</b>	-	<b>468,376,195</b>

## Amathole District Municipality

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### Notes to the Consolidated Annual Financial Statements

	Group			Municipality	
	2019	2018		2019	2018
	R	Restated R		R	Restated R
	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and later than five years	Total
<b>At 30 June 2018</b>					
Trade and other payables	308,545,697	-	85,864,317	-	394,410,014
Other	-	-	4,134,713	-	4,134,713
Gross finance leases	12,772	38,316	102,175	4,267	157,530
	<b>308,558,469</b>	<b>38,316</b>	<b>90,101,205</b>	<b>4,267</b>	<b>398,702,257</b>

#### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group.

Financial assets that potentially subject the group to credit risk, consist primarily of cash deposits, cash equivalents, short term deposits, loans and receivables, investments and trade and other receivables.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis.

#### Investments and borrowing

To manage credit risk in borrowing and investing, the group's cash and cash equivalents and short-term deposits are placed with high credit quality financial institutions and by spreading its exposure over a range of such institutions in accordance with its investment policies approved by Council. The group determines concentrations of credit risk by reference to major counterparties. Counter-parties comprise larger South African banks with high quality credit ratings. Consequently the municipality does not consider there to be any significant exposure to credit risk.

#### Cash and cash equivalents

The municipality limits its exposure to credit risk by investing with only reputable financial institutions that have a sound credit rating and within specific guidelines set in accordance with Council's approved investment policy. Consequently the municipality does not consider there to be any significant exposure to credit risk.

#### Receivables

Receivables are amounts owing by consumers and presented net of impairment losses. The municipality has a credit control and debt collection policy in place, and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness. There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review.

The municipality's strategy for managing its risk includes encouraging residents to install water management devices that control water flow to households. In certain instances, a deposit is required for new service connections, serving as a guarantee. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographic area. The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables.

The average credit period on services rendered is 30 days from date of invoice. Interest is raised at prime on any unpaid accounts after the due dates. The municipality has provided fully for all receivables outstanding over 365 days. Receivables up to 365 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience. Additional information relating to the analysis of receivables is given in Note 12.

Consumer debtors with a demonstrative inability to pay are encouraged to apply for potential indigent status as an ongoing customer relationship strategy and also to enable the municipality to make provision for such relief.

#### Maximum exposure to credit risk

The carrying amount of financial asset, represent the group's exposure to credit risk in relation to these assets.

The municipality's cash and cash equivalents and short-term deposits are placed with high credit quality financial institutions.

There has been no significant change during the financial year, or since the end of the financial year, to the group's exposure to credit risk, the approach of measurement or the objectives, policies and processes for managing this risk.

Financial assets exposed to credit risk at year end were as follows:

<b>Financial instruments Group</b>				
Cash and cash equivalents	200,298,857	189,959,346	190,152,984	180,243,676
Receivables from exchange transactions	303,960,362	170,852,945	303,960,362	170,852,945
Receivables from non - exchange transactions	8,369,345	4,028,527	8,206,603	3,633,759
Other non- current financial assets	1,710,803	1,710,803	1,710,803	1,710,803
Non-current investments	2,137,129	2,000,000	2,137,129	2,000,000
<b>Guarantees</b>				
Guarantees in lieu of projects	66,976,844	21,762,825	66,976,844	21,762,825

#### Market risk

##### Interest rate risk

The group's activities expose it primarily to the risks of fluctuations in interest rate.

Interest rate risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As the group has no significant interest-bearing assets, the group's income and operating cash flows are substantially independent of changes in market interest rates.

Market risk exposures are measured using sensitivity analysis. A sensitivity analysis shows how surplus and/or net assets would have been affected by changes in the relevant risk variable that were reasonably possible at the reporting date.

At year end financial assets exposed to interest rate risk were as follows:

Balances with banks, deposits and all call and current accounts attract interest at rates that vary with the South African prime rate. The group's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on the surplus/deficit.

Investments at fixed interest rates.

Trade receivables in arrears are linked to the South African prime rate.

Loans granted are linked to a fixed rate of interest.

Surplus funds are invested with banks for fixed terms on fixed interest rates not exceeding one year. For details refer to **Note 18**.

At year end, financial liabilities exposed to interest rate risk were as follows:

Finance leases linked to the South African prime rate .

Management manages interest rate risk by negotiating beneficial rates.

#### Interest rate sensitivity analysis

##### Financial Assets

At 30 June 2019, if interest rates at that date had been 50 basis points higher, with all other variables constant, the effect on the statement of financial performance would have been R423 448 (2018: R90 485) with the opposite effect if the interest rate had been 50 basis points lower.

##### Financial liabilities

At 30 June 2019, if interest rates at that date had been 50 basis points higher, with all other variables constant, the effect on the statement of financial performance would have been R39 (2018: R196) with the opposite effect if the interest rate had been 50 basis points lower.

#### Foreign exchange risk

The group was not a direct party any outstanding forward exchange contract at the reporting date. The movement in the currency was not material to the group's procurement and, consequently, is not elaborated on any further.

#### 49. Unauthorised expenditure

Opening balance	117,749,345	66,971,804	117,749,345	66,971,804
Current year unauthorised expenditure	134,305,974	50,777,541	134,305,974	50,777,541
Unauthorised expenditure written off	-	-	-	-
	<b>252,055,319</b>	<b>117,749,345</b>	<b>252,055,319</b>	<b>117,749,345</b>

**Amathole District Municipality**

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**Notes to the Consolidated Annual Financial Statements**

	Group		Municipality	
	2019	2018	2019	2018
	R	Restated	R	Restated
During the 2018/19 financial year, the budget was exceeded at a vote level with a total of unauthorised expenditure amounting to R134 35 974. The unauthorised expenditure has arisen from the increase in the Bad debts provision and depreciation for the current financial year.				
During the 2017/18 financial year the budget was exceeded at vote level by R50 777 541.				
The budget at vote level was exceeded on the bad debts provision and leave provision increases in the current year.				
The budget of the 2016/17 financial year was exceeded by an overall amount of R59 935 836. This was on the depreciation, bulk purchases and finance costs.				
SAP did not go live on 1 July as planned, resulting in 3 months expenditure being on Venus and next 9 months being on SAP. Problems were experienced in the migration of the Venus data into the SAP system. Without the Venus expenditure on SAP, the budget controls on SAP were of no use as the expenditure was overstated. This has lead to poor controls on budget vs actual and has resulted in unauthorized expenditure.				
During the 2015/16 financial year, the operational budget was exceeded at vote level by R697 374 for Legislative and executive support services on employee costs and R5 172 132 for Corporate services due to an increase in depreciation charges at year end and rental payments, however the total budget at institutional level was not overspent. The capital budget was exceeded on MIG by R192 614, MWIG R677 144 and War on Leaks by R296 703. This was approved by Council on 25 August 2017.				
<b>50. Fruitless and wasteful expenditure</b>				
Opening balance	4,508,342	2,606,565	4,382,348	2,533,393
Fruitless and wasteful expenditure current year	739,591	1,974,949	727,747	1,848,955
Amount recoverable - current	(15,902)	-	-	-
Written off during the year	-	(73,172)	-	-
Amount written off - prior period	(73,172)	-	-	-
	<b>5,158,859</b>	<b>4,508,342</b>	<b>5,110,095</b>	<b>4,382,348</b>

**Details of fruitless and wasteful expenditure awaiting write off by the Agency****Incident**

The initial fruitless and wasteful expenditure amount, as it relates to the procurement of services from consultants by Ms N Klaas in the prior years ,is R54 836.

To date a total amount of R17 906 has been recovered ,R13 429 relates to the current year .The remainder will be recovered over the duration of the employee's contract.

During 2018/2019 ,an amount of R11 844 was incurred in respect of computers lost, one was deemed by the insurance company to be loss due to negligence .R10 721 is the cost of the computer to be recovered from M.Mlomzale ,an amount of R1 350 has been recovered to date, the remaining amount of R9 371 will be recovered over the course of 22 months .The insurance claim submitted for the second computer lost by Mr L. Tyala was paid by the insurance company while the excess amount of R1 123 has been recovered in full from the employee.

An amount of R2 473 has been recovered for the two computers for the period ended 30 June 2019.

The opening balance relates to fruitless and wasteful expenditure incurred during the 2017/2018 financial year on expenditure relating to penalties and interest incurred from SARS.

An amount of R73 172 was written off by the Board in October 2018.

**Details of fruitless and wasteful expenditure awaiting write off by the Municipality**

During the 2018/19 financial year, the municipality incurred interest on overdue accounts. This was as a result of the cash flow constraints being experienced, hence accounts were paid late.

The interest on late payment of R727 715 is constituted of the following:

Licences R17 491, Telephone R58 844, Pension fund R521, Fleet R523 719, Electricity R103 982, Rates and utilities R12 732 and postage R10 458.

These matters are still to be considered by Council.

During the 2017/18 financial year R51 034 was paid for interest on late payment of fleet. The late payment is as a result of the cash constraints being experienced by the

An amount of R10 832 was incurred from the late payment of electricity.

Interest and penalties of R837 352 was incurred from the outcome of a VAT audit on the 2014 to 2017 financial year.

During 2017/18 an amount of R918 612 was incurred for the late filing of August 2018 PAYE.

An amount of R25 934 was incurred as interest o the late payment of audit fees. The late payment was as a result of the cash flow constraints. The matter is still to be considered by Council.

LA Retirement Fund: Penalty Payment of R290 for third party payment for the month of December 2017. The payment was delayed as a result of budget errors that were only resolved in January 2018. ADM only re-opened its offices on 8 January 2018 which is after the payment due date of the 3rd. The matter is still to be considered by Council.

LA Retirement Fund: Penalty Payment of R353 for third party payment for the month of November 2017. The payment was delayed as a result of budget errors that were only resolved in January 2018. ADM only re-opened its offices on 8 January 2018 which is after the payment due date of the 3rd. The matter is still to be considered by Council.

Municipal Workers Retirement Fund: Penalty Payment of R4 547 for third party payment for the month of November 2017. The payment was delayed as a result of budget errors that were only resolved in January 2018. ADM only re-opened its offices on 8 January 2018 which is after the payment due date of the 3rd. The matter is still to be considered by Council.

During 2016/17 financial year an amount of R142 was incurred as interest on late payment of an invoice for catering.

During 2016/17 financial year an amount of R7 234 was incurred as interest on late payment of an invoice for Telkom.

During 2016/17 financial year an amount of R2 103 188 was incurred as interest of R402 441 and penalty VAT of R1 700 747.

During 2016/17 financial year an amount of R62 225 was incurred as interest for penalty charges.

During 2016/17 financial year an amount of R15 898 was incurred for Traffic Fines.

During 2016/17 financial year an amount of R43 487 was paid to Telkom for cables that were pulled up from the ground by an ADM TLB.

All of the matters for the 2016/17 financial year are still to be considered by Council.

During the 2015/16 financial year, interest was incurred for First Auto of R35 489.

During the 2015/16 financial year, there was interest incurred for an amount R90 512 and R97 718 for late insurance payment.

During the 2014/15 financial year, there was incorrect payment made to the service provider for an amount of R27 500. The matter is being investigated to determine who the responsible official is in this regard.

During the 2013/14 financial year, interest of R31 348 was incurred on the late payment of fleet costs. The matter is still to be considered by Council.

During the 2012/13 financial year, there was interest on late payment to First Auto of R11 035. The matter is currently under investigation to determine who is responsible for incurring this expenditure.

During the 2012/13 financial year, late payment incurring interest of R7 617 was incurred. The amount is still to be considered by Council.

**51. Irregular expenditure**

Opening balance	99,006,520	22,438,757	89,702,772	17,682,475
Add: Irregular Expenditure	140,996,651	77,368,613	131,977,816	72,020,298
Less: Amounts written off relating to current year	(8,601,440)	(29,182)	-	-
Less: Amounts written off relating to prior years	(5,319,133)	(771,667)	-	-
	<b>226,082,598</b>	<b>99,006,520</b>	<b>221,680,588</b>	<b>89,702,772</b>

**Incident**

During 2018/19, an amount of R72 091 072 was paid to a contractor. The contract was awarded to the second highest point scorer and the reasons were deemed not reasonable. The AG had deemed this award to be irregular in prior years. Council is still to consider this matter.

During 2018/19, an amount of R11 444 744 was paid to a contractor. SCM Regulation 29 requires SCM to form part of the BAC, SCM was not part of the BAC and the tax matters were not declared to be in order by SARS. The AG had deemed this award to be irregular in the prior year. Council is still to consider this award.

During 2018/19, an amount of R782 393 was paid to a contractor. The prequalification assessment by the BEC was not undertaken for all the bidders. The AG had deemed this award to be irregular in the prior year. Council is still to consider this award.

During 2018/19, an amount of R1 441 252 was paid to a contractor. The reason for deviation is invalid, non-compliance with the MFMA as the declaration for bidders past performance not obtained, declaration of interest not obtained, AG could not determine whether the goods/services were procured at a reasonable price, bidders tax matters not declared to be in order by SARS and the award was approved by an official that is not a senior manager as defined in the MFMA. The AG had deemed this award to be irregular in the prior year. Council is still to consider this award.

During 2018/19, an amount of R1 358 568 was paid to a contractor. The reason for deviation is invalid, bidders tax matters not declared to be in order by SARS and the award was approved by an official that is not a senior manager as defined in the MFMA. The AG had deemed this award to be irregular in the prior year. Council is still to consider this award.

During 2018/19, an amount of R6 568 was paid to a service provider. The reason for deviation is invalid, MDB 4 declaration of interest not obtained and the award was approved by an official that is not a senior manager as defined in the MFMA. The AG had deemed this award to be irregular in the prior year. Council is still to consider this award.

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	Group		Municipality	
	2019	2018	2019	2018
	R	Restated R	R	Restated R
During 2018/19, an amount of R2 149 093 was paid to a consultant. The bidders performance was not obtained, MDB 4 declaration of interest not obtained and the award was approved by an official that is not a senior manager as defined in the MFMA. The AG had deemed this award to be irregular in the prior year. Council is still to consider this award.				
During 2018/19, an amount of R3 109 598 was paid to a contractor. The award was approved by an official that is not a senior manager as defined in the MFMA. The AG had deemed this award to be irregular in the prior year. Council is still to consider this award.				
During 2018/19, an amount of R3 954 711 was paid to a consultant. The award was approved by an official that is not a senior manager as defined in the MFMA. The AG had deemed this award to be irregular in the prior year. Council is still to consider this award.				
During 2018/19, an amount of R1 346 578 was paid to a contractor. The supplier awarded the tender was above 15% associated with its grading. The AG had deemed this award to be irregular in the prior year. Council is still to consider this award.				
During 2018/19, an amount of R23 790 was paid to a service provider. The service provider was awarded incorrect BBBEE points. The AG had deemed this award to be irregular in the prior year. Council is still to consider this award.				
During 2018/19, an amount of R578 047 was paid to a consultant. SCM Regulation 29 requires SCM to form part of the BAC, SCM was not part of the BAC. The AG had deemed this award to be irregular in the prior year. Council is still to consider this award.				
During 2018/19, an amount of R116 000 was paid to a service provider. The reason for deviation is invalid. The AG had deemed this award to be irregular in the prior year. Council is still to consider this award.				
During 2018/19, an amount of R84 132 was paid to a consultant. The reason for deviation is invalid. The AG had deemed this award to be irregular in the prior year. Council is still to consider this award.				
During 2018/19, an amount of R33 491 269 was paid to numerous contractors for the construction of VIP toilets. The reason for deviation is not justifiable. The AG had deemed these awards to be irregular in the prior year. Council is still to consider this award.				
The AG during the 2017/2018 audit deemed award to be irregular as the reason for deviation was not justifiable. To date an amount of R281 643 was paid. Council is still to consider the award.				
The AG during the 2017/2018 audit deemed the award to be irregular as the reason for deviation is invalid; non compliance with MFMA as the Declaration about the bidders past SCM performance history (MBD 8) was not obtained; MBD 4 Declaration of Interest also not obtained; AG could not determine whether the goods / services were procured at a reasonable price; the bidders tax matters were not declared to be in order by SARS; the award was approved by an official who is not a senior manager as defined in the MFMA and MSA (556). To date an amount of R930 994 was paid.				
The AG during the 2017/2018 audit deemed the award to be irregular as the reason for deviation is invalid; the bidders tax matters were not declared to be in order by SARS; the award was approved by an official who is not a senior manager as defined in the MFMA and MSA (556). To date an amount of R2 652 349 was paid. Council is still to consider this award.				
The AG during the 2017/2018 audit deemed this award to be irregular as the reason for deviation is invalid and the MBD 4 Declaration of Interest was not obtained; the award was approved by an official who is not a senior manager as defined in the MFMA and MSA (556). To date an amount of R21 511 was paid. Council is still to consider the award.				
The AG during the 2017/2018 audit deemed the award to be irregular due to non compliance with MFMA as the Declaration about the bidders past SCM performance history (MBD 8) was not obtained as well as the MBD 4 Declaration of Interest; the bidders tax matters were not declared to be in order by SARS. To date an amount of R5 047 022 was paid. Council is still to consider this award.				
The AG during the 2017/2018 audit deemed an award to be irregular as the award was approved by an official who is not a senior manager as defined in the MFMA and MSA (556). To date an amount of R4 336 750 was paid. Council is still to consider this matter.				
The AG during the 2017/2018 audit, deemed an amount paid of R351 756 as irregular due to SCM Regulation 29(2)(ii) not being complied with. This regulation requires SCM to form part of the Bid Adjudication Committee. This contract was awarded when SCM was not in attendance at the meeting. Council is still to consider this matter.				
The AG during its 2017/2018 audit, deemed an amount of R3 803 615 as irregular as the reasons for deviating from the normal procurement process was not justifiable. Council is still to consider this appointment.				
During 2017/18 an amount of R664 100 was incurred to a service provider appointed. The pre-qualification re-assessment by the BEC was not undertaken for all bidders. Further payments were made during the 2018/2019 financial year. Council is still to consider the matter.				
During 2017/18 an amount of R125 843 was incurred to a service provider appointed. The awarded bidder failed to comply with Regulation 9 of the Preferential Procurement Regulations. No further payment has been made as the contract has been cancelled. Council are still to consider this matter.				
During 2017/18 an amount of R303 372 was incurred to a service provider appointed. The awarded bidder failed to comply with Regulation 9 of the Preferential Procurement Regulations. No further payment has been made as the contract has been cancelled. Council is still to consider this contract.				
The municipality paid an amount of R4 972 644 during 2017/18. Tax matters were deemed not to be in order and no SCM official was part of the BAC as required by the SCM Regulations. Council is still to consider this appointment.				
The AG during its 2016/2017 Audit deemed this contract to be irregular as the reasons were not considered to be justifiable. The contract was awarded to the second highest scorer. An amount of R33 162 289 was paid to the contractor. Council is still to consider this award.				
The AG during its 2016/2017 Audit deemed an amount of R15 304 471 as irregular as the competitive bidding process as per the SCM regulations was not followed as the initial process of getting the suppliers listed on the municipality's database was not finalised.				
The criteria as per the municipality's Contractor Incubator Programme Policy were not applied when the bid was awarded. Council is still to consider these matters.				
The AG during its 2016/2017 audit, deemed an amount of R61 940 as irregular as the project was advertised for less than the required number of days per the SCM regulation. The project was advertised for 6 days instead of 7 days. Council is still to consider this matter.				
During 2016/17 a service provider was appointed for an amount of R402 649. The prequalification re-assessment by BEC was not undertaken for all bidders. Council to still consider this matter.				
During 2016/17 a service provider was appointed for an amount of R9 228 to supply fittings without the departmental delegated authority's approval. Council still to consider this appointment.				
During the 2016/2017 Audit an amount of R329 000 was deemed irregular by Auditor General, as the reason cited use of Single Source specialised nature did not seem appropriate. Council still to consider this appointment.				
During the 2016/2017 Audit an amount of R377 295 was deemed irregular by Auditor General, as the reason cited use of Multi Source specialised nature did not seem appropriate. Council still to consider this appointment.				
During the 2016/2017 Audit an amount of R455 746 was deemed irregular by Auditor General, as the reason cited use of Multi Source specialised nature did not seem appropriate. Council still to consider this appointment.				
During the 2016/2017 Audit an amount of R416 000 was deemed irregular by Auditor General, as the reason cited use of Multi Source specialised nature did not seem appropriate. Council still to consider this appointment.				
During the 2016/17 an amount of R1 426 371 is for a service provider that was appointed under contract 8/2/17/2016-2017. The reason for deviation is not justifiable. Council still to consider this matter.				
During 2016/17 financial year the service provider was paid an amount of R389 356. The reason for deviation is not justifiable. Council is still to consider this appointment.				
During 2016/17 financial year the service provider was paid an amount of R1 704 425. The reason for deviation is not justifiable. Council is still to consider this appointment.				
During 2016/17 financial year the service provider was paid an amount of R4 189. The reason for deviation is not justifiable. Council is still to consider this appointment.				
During 2016/17 financial year the service provider was paid an amount of R29 500. The reason for deviation is not justifiable. Council is still to consider this appointment.				
During 2016/17 financial year the service provider was paid an amount of R22 732. The reason for deviation is not justifiable. Council is still to consider this appointment.				
During 2016/17 financial year the service provider was appointed under emergency procurement of R42 000 per month. An amount of R504 000 has been paid. Council is still to consider this appointment.				

**Notes to the Consolidated Annual Financial Statements**

	Group		Municipality	
	2019	2018	2019	2018
		Restated		Restated
	R	R	R	R
During 2016/17 financial year the service provider was appointed for an amount of R5 550 under emergency services to remove and reinstall outdoor ADM Branded Over Head Signage. The reason for the breach was not provided as per Regulation 36 of the SCM Regulations. Council is still to consider this appointment.				
During 2016/17 financial year the service provider was paid an amount of R9 974 000. The reason for deviation is not justifiable. Council is still to consider this appointment.				
During the 2015/16 an amount R28 932 and R29 500 relate to the service providers not registered. Council still to consider these matters.				
During the 2015/16 an amount of R1 327 748 was overpaid. Council still to consider this overpayment.				
During the 2014/2015 financial year Audit, an amount of R3 532 and R7 293 was deemed irregular by AG as there was no evidence provided that the procurement process of requesting three quotations was followed to procure catering services. Council is still to consider these items.				

During 2014/2015 financial year Audit, an amount of R29 862 (R2 232, R7 732, and R19 898) were deemed irregular by Auditor General, as Auditor General noted that quotations were obtained from service providers which were not listed on ADM's supplier database and it could not be ascertained whether they met the listing requirements as their application documentation could not be obtained from ADM during 14/15 Audit. Council still to consider these items.

During the 2014/15 financial year, procurement amounting to R205 568 (7 incidents) were deemed irregular by ADM as procurement processes were split to avoid the SCM processes. Disciplinary action has been taken against the official and R13 000 has been recovered up to the 30 June 2019.

**Details of irregular expenditure awaiting write off by the Agency**

The irregular expenditure amount of R8 601 440 (2018:R5 319 133) emanated from the fact that the Agency did not obtain MBD4 forms from suppliers to confirm that they were not in the service of state. An amount of R13 920 573 has been written off during the 2018/2019 financial year.

Additional funds amounting to R1 058 000 were gazetted for the Alice Transport Hub. An invoice of R417 395 has been presented, however no payment has been made to date. A valid tax clearance certificate was not furnished within seven days of award, however a valid tax clearance certificate was presented thirty days after the date of acceptance of appointment resulting in the contract being deemed irregular. The committed amount forms part of the irregular expenditure for the 2018/2019 financial year.

**52. Additional disclosure in terms of Municipal Finance Management Act**

**Audit fees**

Amount paid - current year	7,398,078	6,355,502	6,798,878	5,778,313
<b>PAYE and UIF</b>				
Opening balance	9,101,730	8,210,634	9,101,730	8,210,634
Current year subscription / fee	99,543,308	120,424,369	99,518,665	120,396,018
Amount paid - current year	(98,955,998)	(119,533,273)	(98,931,355)	(119,504,922)
	<b>9,689,040</b>	<b>9,101,730</b>	<b>9,689,040</b>	<b>9,101,730</b>

The balance represents PAYE and UIF deducted from the June 2019 payroll. The amount due was paid during July 2019 payroll. The amount due was paid during July 2018 and has been included in current liabilities

**Pension and Medical Aid Deductions**

Opening balance	14,481,831	-	14,481,831	-
Current year subscription / fee	155,099,089	164,077,530	155,099,089	164,077,530
Amount paid - current year	(169,580,920)	(149,595,699)	(169,580,920)	(149,595,699)
	<b>(0)</b>	<b>14,481,831</b>	<b>(0)</b>	<b>14,481,831</b>

The balance represents pension and medical aid deductions from the June 2019 payroll. The amount due was paid during July 2019 and has been included in current liabilities.

**VAT**

VAT receivables	120,328	656,460	-	-
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**Councillors' arrear consumer accounts**

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2019:

	Outstanding more than 90 days	Total
	R	R
<b>30-Jun-19</b>		
Councillor B.M Ganjana	18,804	18,804
Councillor N. Ntshona	10,828	10,828
Councillor S Zuka	6,929	6,929
Councillor LD Penisi	23,483	23,483
Councillor XC Badi	28,193	28,193
Councillor CA Auld	21,600	21,600
	<b>109,837</b>	<b>109,837</b>

	Outstanding more than 90 days	Total
	R	R
<b>30-Jun-18</b>		
Councillor N.H Konza	2,173	2,173
Councillor B.M Ganjana	10,602	10,602
Councillor N. Ntshona	6,582	6,582
Councillor S & SE Ndwayana	1,337	1,337
Councillor S Zuka	7,060	7,060
Councillor LD Penisi	17,698	17,698
Councillor XC Badi	8,578	8,578
Councillor CA Auld	13,816	13,816
	<b>67,847</b>	<b>67,847</b>

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

	Highest outstanding amount	Aging (in days )
<b>30-Jun-19</b>		
Councillor XC Badi	28,193	90
Councillor LD Penisi	23,483	90
Councillor CA Auld	21,600	90
Councillor B.M Ganjana	18,804	90
Councillor N. Ntshona	10,828	90
Councillor S Zuka	6,929	90
	<b>109,837</b>	

	Highest outstanding amount	Aging (in days )
<b>30-Jun-18</b>		
Councillor LD Penisi	17,698	90
Councillor CA Auld	13,816	90
Councillor B.M Ganjana	10,602	90
Councillor XC Badi	8,578	90
Councillor S Zuka	7,060	90
Councillor N Tshona	6,582	90
Councillor N.H Konza	2,173	90
Councillor S & SE Ndwayana	1,337	90

**Notes to the Consolidated Annual Financial Statements**

	Group		Municipality	
	2019	2018	2019	2018
	R	Restated R	R	Restated R
<b>Supply chain management regulations</b>			<b>67,847</b>	

The following deviations and ratifications of minor breaches of procurement are reported in Council in terms of paragraph 36(2) of the SCM policy:

<b>Types of deviation:</b>				
Sole Supplier	29,141,807	7,988,578	29,141,807	7,988,578
Emergency	41,969,464	12,409,475	41,969,464	12,409,475
Acquisition of special works of art or historical object where specification are difficult to compile	-	-	-	-
Exceptional case and it is impractical to follow official procurement process	146,685,769	99,630,607	131,882,039	86,074,085
Expansions and variations	7,887,874	3,433,710	7,887,874	3,433,710
	<b>225,684,914</b>	<b>123,462,370</b>	<b>210,881,184</b>	<b>109,905,848</b>
Breaches	1,726,578	915,639	1,726,578	915,639
Total	<b>227,411,492</b>	<b>124,378,009</b>	<b>212,607,762</b>	<b>110,821,487</b>

The above mentioned deviations from the supplier chain management processes has been condoned in terms of the approved Supply Chain Management policy

**Bids awarded to family of employees in service of the state**

In terms of the SCM regulations, any award above R2000 to family members of employees in the service of the State must be disclosed in the annual financial statements.

The following is a list as recorded on the declaration of interest form.

<b>Connected Person and Position Held</b>				
T. Madikida - Area Manager	1,155,958	974,146	1,155,958	974,146
T. Qweshah - Principle clerk	-	321,073	-	321,073
T. Mbali - Senior Manager: Disaster Management Officer	9,500	9,500	9,500	9,500
Z.Gladile - Senior clerk Leave Records	-	30,000	-	30,000
B. Cook - Engineering	6,600	-	6,600	-
	<b>1,172,058</b>	<b>1,334,718</b>	<b>1,172,058</b>	<b>1,334,718</b>

**53. Grant performance narrations**

Refer to Annexure 1 for further detail on grants

**National Government Grants**

**1. Financial Management Grant (FMG)**

Funds were used for salaries of five (5) interns. In addition to interns salaries, the funds were also utilised for training of officials and assistance in preparation of the Financial statements.

**2. Extended Public Works Programme (EPWP)**

Interns have been appointed throughout the district for various projects utilising the EPWP funding.

**3. Municipal Systems Improvement Grant (MSIG)**

For the 2018/19 financial year, MSIG was classified as an allocation in kind with no funds accruing to ADM.

**4. Municipal Infrastructure Grant (MIG)**

The MIG funds were used for water and sanitation projects with a 99% spending.

**5. Water Services Infrastructure Grant (WSIG)**

The funds were utilised for various water related projects within the District. The allocation was not fully spent and thus a rollover application will be made to the funder to retain the remaining balance.

**6. Road Asset Management System (RAMS)**

The fund is used to put in place a roads management system for the LM's within the District. The application for rollover will be made to the funder to utilise the funds in the 2019/20 financial year.

**7. Neighbourhood Development Partnership Grant (NDPG)**

These funds were received in full and transferred to ASPIRE for implementation. A roll over application has been made to retain the funds.

**8. Regional Bulk Infrastructure (RBIG)**

Being a grant in kind. ADM undertakes the work, then submits the invoice to DWS immediately. Only upon receipt of the funding is the payment process effected to pay the actual service provider.

The balance will be fully utilised in the 2019/20 financial year once response on appeal for 1718 roll over is received.

**8. Capacity Building Programme**

Project complete.

**9. Mnquma War on Leaks**

Funds fully spent

**10. ACIP - WW Infrastructure refurbish R3.5M**

Funds fully utilised.

**Amathole District Municipality**

Consolidated Annual Financial Statements for the year ended 30 June 2019

**Notes to the Consolidated Annual Financial Statements**

	Group		Municipality	
	2019	2018	2019	2018
	R	Restated R	R	Restated R
<b>11. Victoria</b>				
This is a multiyear project . The project is progressing. The balance is expected to be utilised in the next financial year. An application for roll-over was made by the project Manager to the funder.				
<b>12. Teko Springs/ Ndlovini</b>				
This is a multiyear project. The project is progressing. The balance is expected to be utilised in the next financial year. The application for roll-over was made by the project Manager to the funder. The project status is awaiting approval of the layout plan by COGTA.				
<b>13. Needs Camp</b>				
This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year. The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.				
<b>14. Hogsback</b>				
This is a multiyear project. The project is progressing. The balance is expected to be utilised in the next financial year .The application for roll-over was made by the project manager to the funder .The project status awaiting approval of the layout plan by COGTA.				
<b>15. Haga Haga</b>				
This is a multiyear project. The balance is expected to be utilised in the next financial year. The application for roll-over was approved by the funder. The project status awaiting acceptance of the offer to acquire the land from the land downer. Keep and use the funds.				
<b>16. Willowvale</b>				
This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year . The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.				
<b>17. Elliotdale</b>				
This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year . The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.				
<b>18. Ndevana</b>				
This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year . The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.				
<b>19. Msobomvu</b>				
This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year . The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.				
<b>20. Hertzog</b>				
This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year. The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.				
<b>21. Great Kei Planning Funds</b>				
This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year. The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.				
<b>22. Mngquma Planning Funds</b>				
This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year. The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.				
<b>23. Ngqushwa Planning Funds</b>				
This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year. The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.				
<b>24. Nkonkobe Planning Funds</b>				
This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year. The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.				
<b>25. Mngquma Survey</b>				
This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year. The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.				
<b>26. Survey Interest and Contribution</b>				
This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year. The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.				
<b>27. Ngqushwa Survey Funds</b>				
This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year. The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.				
<b>28. Nkonkobe Survey</b>				
This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year. The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.				
<b>29. Lewis Survey</b>				
This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year. The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.				
<b>30. Prudoe Engineering Design</b>				
Awaiting the close out report and the balance to be transferred back to funder as possible savings .				
<b>31. Dongwe Engineering Design</b>				
Awaiting the close out report and the balance to be transferred back to funder as possible savings.				
<b>32. Kubusie Establishment Grant</b>				
Project complete remaining balance is savings.				
<b>33. Ndlovini Establishment Grant</b>				
Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.				
<b>34. Ducats Establishment Grant</b>				
Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.				
<b>35. Macleanstown Establishment Grant</b>				
Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.				
<b>36. Prudoe Establishment Grant</b>				
Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.				
<b>37. Dongwe Establishment Grant</b>				
Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.				
<b>38. Teko Spring Establishment Grant</b>				
Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.				
<b>39. Needs Camp Establishment Grant</b>				
Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.				
<b>40. Teko Spring Top Structure</b>				
Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.				
<b>41. Prudoe Top Structure</b>				
Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.				
<b>42. Dongwe Top Structure</b>				
Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.				



## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2019	2018	2019	2018
	R	Restated R	R	Restated R
<b>43. Needsamp Top Structure</b>				
Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.				
<b>44. Ducats Top Structure Subsidy</b>				
Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.				
<b>45. Kubusi Top Structure</b>				
Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.				
<b>46. Lilyvale Kayzers Beach Establishment Grant</b>				
Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.				
<b>47. Kayzers Beach Housing Project</b>				
Project complete. Balance is for the ADM income. The application for roll-over was made and approved by the funder. LHSED to confirm this statement.				
<b>48. Lillyvale Eng Designs</b>				
Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.				
<b>49. Planning Grant DLA</b>				
This is a multiyear project. The project is progressing. The balance is expected to be utilised in the next financial years 2015/16 -2017. The application for roll-over was made by the project manager to the funder.				
<b>50. Restitutional Award (DLA)</b>				
This is a multiyear project. The project is progressing. The balance is expected to be utilised in the next financial years 2016 -2017. The application for the roll over was made by the project manager to the funder.				
<b>51. Beneficiary Administration (Breaking new ground )</b>				
This is a multiyear project. The project is progressing. The balance is expected to be utilised in the next financial years 2016 -2017. The application for the roll over was made by the project manager to the funder.				
<b>52. Environmental Impact Assessment</b>				
This is a multiyear project. The project is progressing. The balance is expected to be utilised in the next financial years 2016 -2017. The application for the roll over was made by the project manager to the funder.				
<b>53. Geo Hydrology</b>				
Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.				
<b>54. Bawa Falls Led</b>				
Project will be completed in the next financial year (Multi-year).				
<b>55. Elliotdale Brick Making</b>				
Project will be completed in the next financial year (Multi-year).				
<b>56. EC Information Initiative Support</b>				
Project will be completed in the next financial year (Multi-year).				
<b>57.ECDOT: Butterworth Interchange</b>				
Retention amount remaining.				
<b>58. Roof Top Rain Water Harvesting</b>				
Funds fully spent				
<b>59. Ngqusi Rain Water Harvesting</b>				
Funds fully spent				
<b>60. Water service support</b>				
Consolidation of small balances				
<b>61. Free Basic Services Strategy</b>				
Savings				
<b>62. Silwindlala Women's Project</b>				
Project will be completed in the next financial year (Multi -year)				
<b>63. Balfour Sawmills</b>				
Project will be completed in the next financial year (Multi -year).				
<b>64. Highlands Resorts</b>				
Project will be completed in the next financial year (Multi -year).				
<b>65. Peddie Brick Making</b>				
Project will be completed in the next financial year (Multi -year).				
<b>66. Inkuthalo Hydroponics</b>				
Project will be completed in the next financial year (Multi -year).				
<b>67. Capacity Building for LM's</b>				
Project will be completed in the next financial year (Multi -year).				
<b>68. Led Capacity Building - Ngqushwa</b>				
Project will be completed in the next financial year (Multi -year).				
<b>69. Upgrade Infrastructure Sanitation (</b>				
Recently consolidated funds. Will be utilised				
<b>70. Water Services Operating Grant-</b>				
Savings. Application for rollover will be sent to the funder once all the invoices are paid				
<b>71. Water Conservation and Demand</b>				
It will be utilised for stipends for rain water harvesting.				
<b>72. Chatha Development</b>				
This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial years 2017/2018.				
<b>73. Fingoland and Regional Authority</b>				
This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial years. 2017/2018				
<b>74. Dwesa Cwebe Restitutional</b>				
This is a multi- year project. The project is progressing. The balance is expected to be utilised in the next financial years 2016/2017.				
<b>75. Co-operative specialist</b>				
Project will be completed in the next financial year (Multi-year)				

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2019	2018	2019	2018
	R	Restated R	R	Restated R
<b>76. Tourism Survey</b>				
Project will be completed in the next financial year (Multi-year).				
<b>77. Nxuba Dam Chalets Development</b>				
Project will be completed in the next financial year (Multi-year)				
<b>78. SETA Implementation</b>				
Interns have been appointed in the institution and study subsidies given to staff.				
<b>79. Ploughing Contactors-ward 10</b>				
Project will be completed in the next financial year (Multi-year)				
<b>80. Ploughing Contactor- NGXAKAXA</b>				
Project will be completed in the next financial year (Multi-year)				
<b>81. Ploughing Contactor- Ward 15</b>				
Project will be completed in the next financial year (Multi-year).				
<b>82. Vuna Awards</b>				
Funds will be utilised for stationery.				
<b>83. Public Awareness Savings</b>				
Technical Assistance to Develop District Dec Profile				
The application for rollover has been done to COGTA.				
<b>84. Shixini Water Supply</b>				
The remaining amount is savings				
<b>85. Communal Water Stations</b>				
Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.				
<b>86. Technical Assistance to Develop District Development Profile</b>				
Project complete.				
<b>87. Municipal Disaster Grant: Drill borehole Dutywa</b>				
Fund only received at the end of March 2018. Drilling has commenced in Nqabarna and Dwesa				
<b>88. Municipal Disaster Grant: Drill borehole Dutywa</b>				
Fund only received at the end of March 2018. Drilling has commenced in Nqabarna and Dwesa				
<b>89. Municipal Disaster Grant: Drill borehole Dutywa</b>				
Fund only received at the end of March 2018. Drilling has commenced in Nqabarna and Dwesa				
<b>54. Interest earned - outstanding receivables</b>				
Receivables - service charges: Water	43,327,118	6,801,099	43,327,118	6,801,099
Receivables - service charges: Sanitation	22,271,947	4,753,930	22,271,947	4,753,930
	<b>65,599,065</b>	<b>11,555,029</b>	<b>65,599,065</b>	<b>11,555,029</b>
The municipality was implementing a new financial system to meet the requirements of mSCOA. Challenges were experienced with billing during the prior financial year, thus an amount of R48 281 192 interest from October 2017 to June 2018 was charged on overdue accounts, however Council approved that this interest not be levied due to system challenges. Interest on overdue accounts was charged for the full financial year during 2018/19.				
<b>55. Gain/(Loss) on disposal of asset</b>	(1,180,488)	(906,515)	(1,200,625)	(845,942)
The loss relates to other assets such as machinery, computer equipment, furniture and fittings and motor vehicles.				
<b>56. Repairs and maintenance</b>				
Water and sanitation	14,193,605	16,374,477	14,193,605	16,374,477
Buildings	60,108	56,560	52,387	45,470
Vehicles	-	-	-	-
Tools and equipment	-	-	-	-
Office furniture and equipment	20,777	88,690	20,777	88,690
Computers	-	4,764	-	-
Others	1,800,001	-	1,800,001	-
	<b>16,074,491</b>	<b>16,524,491</b>	<b>16,066,770</b>	<b>16,508,637</b>
<b>57. Water distribution losses</b>				
Water distribution losses	45,652,039	10,827,880	45,652,039	10,827,880
Percentage water losses	23%	10%	23%	10%
The amount recorded as distribution losses emanates from the provision of water to free basic services beneficiaries through communal standpipes and also network/distribution losses due to burst pipe and other leakages.				
<b>58. Events after reporting date</b>				
The outcomes of the industrial strike during July and August 2019, have resulted in a 2,5% notch increase back-dated to 1 July 2018. The increase equates to R7 639 854.				
<b>59.Comparatives</b>				
<b>Capital Commitments</b>				
The comparative figure for capital commitments was restated due to errors identified in the related expenditure. The restatement only impacts disclosure and thus has no effect on the statement of Financial Position and Performance. The Capital commitment decreased by R28 988 963. Refer to note 44.				
The figures have been restated as follows :				
Decrease in Capital commitments - Infrastructure assets	-	28,988,963	-	28,988,963
	-	<b>28,988,963</b>	-	<b>28,988,963</b>
<b>General Expenditure and Contracted Services</b>				
The comparative figures have been restated in order to align expenditure with the mSCOA reporting reforms. An amount of R1 473 370 was reclassified from general expenditure to contracted services.				
<b>Trade Payables from exchange transactions and VAT Payable</b>				
The comparative figures have been restated to correct the incorrect mapping. An amount of R1 897 was reclassified from trade payables from exchange to vat payable.				
<b>60.Financial sustainability</b>				
The municipality is facing a number of financial risks that cast doubt on its ability to sustain its current level of operations in the near future. The key financial risks identified include:				
<ul style="list-style-type: none"> <li>inability to pay creditors within due dates</li> <li>inability to collect revenue billed</li> </ul>				

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2019	2018	2019	2018
		Restated		Restated
	R	R	R	R

· net current liability position

Management has planned to reduce expenditure and improve the financial sustainability of the municipality through the implementation of austerity measures to reduce the administrative costs, revenue enhancement strategies and rebuilding of reserves. Management plans include the review of the adopted policies, long-term financial forecasts, asset management plans, contractually committed fixed costs such as rental and the existing organogram with a view to reduce financial liability and costs.

#### 61. Services received in kind

The following were services received in kind by the municipality during the year:

The municipality has partnered with GIZ during the current year. GIZ have provided the services of consultants to assist with challenges experienced around mSCOA. GIZ have also provided the services or consultants to assist in improving the asset management within the municipality.

#### 62. Budget differences

##### Material differences between budget and actual amounts

The excess of actual expenditure over the final budget of 10% are explained below:

##### Statement of Financial Performance

##### Revenue

##### 1. Service charges

The actual service charges are net of the indigent subsidy of R11 462 600 in accordance with GRAP 9.

##### 2. Rentals

The actual rental was less than anticipated. It must be noted that in the prior year Calgary was hired out to external parties and therefore earned additional rental income.

##### 3. Interest earned - outstanding receivables

The budget amount is based on what is realistically collectable as per Sec 18 of the MFMA, while the actual amount is based on accrued billing for interest charges. Hence the difference between the actual and budget figures as the billed interest amount exceeds the amount received.

##### 4. Other income

The actual amount is comprised of commission, disconnection fees, removal of waste water, tender document sales and staff recoveries.

##### 5. Interest on external investments

##### 6. Government grants

Income is recognised once spending takes place and conditions are met. R57 million of the WSIG Drought Relief Grant was not spent at year end. R3.3 million of the gazetted Equitable share was not received, hence these amounts were not recognised as grant income.

##### 7. VAT on MIG

This amount pertains to "VAT savings" on the MIG conditional grants as per National Treasury Circular 48, that allows this to be recognised as own revenue. The actual income from VAT on the MIG grant expenditure was more than anticipated as more suppliers that were VAT vendors were appointed than projected.

##### 8. VAT other grants

This amount pertains to "VAT savings" on conditional grants as per National Treasury Circular 48, that allows this to be recognised as own revenue. The actual amount was less than anticipated due to the appointment of more suppliers that are not VAT vendors.

##### Expenditure

##### 9. Employee related costs

The actual employee related costs are less than the budget due to cost saving measures being implemented.

##### 11. Depreciation

The actual depreciation has exceeded the budget due to the review of the useful lives of the assets at year end.

##### 12. Finance costs

The anticipated finance costs were more than budgeted due to the actuarial valuation of the employee benefits being greater than anticipated.

##### 13. Bad debt provision

Almost 80% of the debt due is provided for. The actual amount exceeds the budget due to the increase in the bad debt provision. The debtors amount owed to the municipality was more than anticipated due to the system challenges.

##### 15. Repairs and maintenance

Repairs and maintenance votes are used on an adhoc basis and only used if and when needed.

##### 16. Bulk purchases

The purchases of bulk water were more than anticipated due to increased demand and a need to improve the control over distribution.

##### 17. Contracted services

The actual contracted services for the year exceeds the budget.

##### 18. Inventory consumed

This amount relates to VIP toilets that have been expensed upon the beneficiary taking ownership. This was recognised at year end. The budget was part of the capital budget.

##### 19. Transfers and grant expenditure

The transfers and grant expenditure includes non capital expenditure such as feasibility studies and stipends. The actual amount is less than the budget as less expenditure of an operational nature than anticipated.

##### 20. Operating costs

The group has implemented austerity measures to assist in the reduction of expenditure, hence the actual expenditure is less than the budget.

##### 21. Actuarial gains

Actuarial gains and losses on the actuarial valuations for the employee benefits are not budgeted for due to the level of uncertainty. The municipality does not budget for gains and losses. The gains/losses are obtained from the actuarial report at year end.

##### 22. Loss on sale of assets

Gain/loss on the disposal of assets is not budgeted for due its ad hoc nature and level of uncertainty.

##### Statement of Financial Position

##### 1. Inventory

The increase is due to VIP toilets being reclassified as inventory from WIP infrastructure at year end.

##### 2. Receivables from exchange transactions

The provision for bad debts is around 80% of the outstanding debt. Collections have been lower than anticipated.

##### 3. Receivables from non-exchange transactions

The actual figure for receivables from non-exchange transactions were less than anticipated.

##### 5. Cash and cash equivalents

The cash and cash equivalents were less than anticipated due to less service charges being recovered than projected.

##### 6. Investment Property

Investment property consists mainly of vacant land. The budget and actual amounts reflect a variance due to a prior period error that was corrected at year end.

##### 7. Property, plant and equipment

# Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2019

## Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2019	2018	2019	2018
	R	Restated R	R	Restated R
<b>8. Intangible assets</b>				
The decrease is due to amortisation of intangible asset during the year and a prior period error correction at year end.				
<b>11. Finance lease obligation (current)</b>				
The decrease is due to the new contracts being classified as operating leases instead of finance leases in terms of GRAP.				
<b>12. Payables from exchange transactions</b>				
The decrease is due to payments of creditors settled.				
<b>13. Taxes and transfers payable (non exchange)</b>				
This relates to the June 2019 PAYE amount that was paid in July 2019. ☐				
<b>15. Unspent conditional grants and receipts</b>				
The actual amount of unspent conditional grants was less than the budget due to increased spending.				
<b>16. Provisions</b>				
The provision includes the leave provision at year end.				
<b>17. VAT payable</b>				
The municipality is on the payment basis of VAT, hence VAT is only declared upon receipt of the physical cash.				
<b>18. Finance lease obligation (non - current)</b>				
The decrease is due to the new contracts being classified as operating leases instead of finance leases.				
<b>19. Operating lease obligation</b>				
The actual amount exceeds the budget as more leases were classified as operating leases in terms of GRAP.				
<b>20. Employee benefit obligation</b>				
The employee benefit obligation is based upon the report obtained from the actuaries at year end. The reports obtained reflected a significant decrease in the Post Employment Medical Aid obligation.				
<b>Cash flow statement</b>				
<b>1. Cash flow from operating activities</b>				
The actual cash from operating activities is less than the budget due to the service charges being less than anticipated.				
<b>2. Investing activities</b>				
The net cash flow from investing activities variances is as a consequence of VIP toilets being expensed instead of being capitalised.				
<b>3. Financing activities</b>				
The net cash flow from investing activities variance is mainly as a result of repaying the movement in the defined benefit obligation.				
<b>Changes from the approved budget to the final budget</b>				
The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters as well as an adjustment to the budget.				

**Amathole District Municipality**  
**Consolidated Annual Financial Statements**  
**Appendix A - Schedule of External Loans**  
 for the year ended 30 June 2019

EXTERNAL LOANS	Loan number	Interest Rate	Redeemable Date	Received during the period	Redeemed / written off during the period	Balance at 30 June 2019
				R	R	R
CURRENT PORTION						
				-	-	-
				-	-	-
				-	-	-
<b>Total long-term loans</b>				-	-	-

Amathole District Municipality  
Consolidated Annual Financial Statements

APPENDIX B

for the year ended 30 June 2019

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2019

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
<b>Land and buildings</b>												
<i>Land</i>												
General plant	5,325,092	-	-	-	-	5,325,092	-	-	-	-	-	5,325,092
<i>Operational buildings</i>												
Municipal Offices	15,827,408	-	15,361,110	-	-	31,188,518	4,355,178	4,349,896	-	-	8,705,074	22,483,443
<i>Community</i>												
Centres	3,740,178	-	36,899,355	-	-	40,639,534	575,041	1,482,057	-	-	2,057,098	38,582,436
Fire/Ambulance Stations	-	-	397,531	-	-	397,531	-	-	-	-	-	397,531
<b>Total</b>	<b>24,892,678</b>	<b>-</b>	<b>52,657,996</b>	<b>-</b>	<b>-</b>	<b>77,550,675</b>	<b>4,930,219</b>	<b>5,831,953</b>	<b>-</b>	<b>-</b>	<b>10,762,173</b>	<b>66,788,502</b>
<b>Infrastructure</b>												
<i>Sanitation</i>												
Pump Stations	11,406,054	105,027	17,759,816	-	-	29,270,897	4,890,618	413,055	-	-	5,303,673	23,967,224
Reticualtion	155,124,907	-	-	-	-	155,124,907	35,961,316	3,331,170	-	-	39,292,486	115,832,422
Waste Water Treatment	94,636,083	-	-	-	-	94,636,083	36,271,710	3,479,325	-	-	39,751,035	54,885,048
<i>Solid waste</i>												
Landfill Sites	3,957,980	-	-	-	-	3,957,980	1,187,123	197,764	-	-	1,384,887	2,573,093
<i>Water supply</i>												
Boreholes	129,652,598	25,458	-	-	-	129,678,056	47,609,625	5,727,188	-	-	53,336,814	76,341,242
Dams and Weirs	18,956,497	-	-	-	-	18,956,497	2,851,611	237,472	-	-	3,089,082	15,867,414
Distribution	2,047,822,676	69,403,880	2,276,143,605	-	-	4,393,370,161	523,820,365	57,492,328	-	-	581,312,693	3,812,057,468
PRV Stations	47,753	-	-	-	-	47,753	2,432	1,434	-	-	3,866	43,886
Pump Stations	166,862,962	-	-	-	-	166,862,962	49,568,927	5,394,173	-	-	54,963,101	111,899,861
Reservoirs	194,635,849	-	-	-	-	194,635,849	61,203,262	6,021,918	-	-	67,225,180	127,410,669
Water Treatment Works	178,779,821	12,945	62,897,307	-	-	241,690,072	74,987,803	8,630,006	-	-	83,617,808	158,072,264
<b>Total</b>	<b>3,001,883,179</b>	<b>69,547,311</b>	<b>2,356,800,727</b>	<b>-</b>	<b>-</b>	<b>5,428,231,217</b>	<b>838,354,792</b>	<b>90,925,832</b>	<b>-</b>	<b>-</b>	<b>929,280,624</b>	<b>4,498,950,592</b>
<b>Leased assets</b>												
Furniture And Office Equipment	566,556	-	-	-	(566,556)	-	447,320	119,236	-	(566,556)	-	-
<b>Total</b>	<b>566,556</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(566,556)</b>	<b>-</b>	<b>447,320</b>	<b>119,236</b>	<b>-</b>	<b>(566,556)</b>	<b>-</b>	<b>-</b>
<b>Other assets</b>												
<i>Computer Equipment</i>												
Computer Hardware	44,557,166.40	200,229.41	-	-	-107,012.35	44,650,383.46	17,101,395.82	6,164,506.42	-	-37,099.76	23,228,802.49	21,421,580.97
<i>Furniture And Office Equipment</i>												
Beds	39,354.88	-	-	-	-	39,354.88	18,353.31	18,165.34	-	-	36,518.65	2,836.23
Cabinets And Cupboards	4,702,232.17	-	-	-	-1,054.41	4,701,177.76	2,358,753.65	456,991.84	-	-561.95	2,815,183.54	1,885,994.22
Chairs And Couches	4,203,423.46	-	-	-	-3,468.37	4,199,955.09	2,272,628.65	517,860.27	-	-1,909.80	2,788,579.12	1,411,375.97
Other Furniture And Fittings	733,195.00	-	-	-	-	733,195.00	361,451.31	152,660.82	-	-	514,112.14	219,082.86
Shelving And Bookcases	1,582,183.46	-	-	-	-	1,582,183.46	676,461.96	169,021.65	-	-	845,483.60	736,699.86
Tables And Desks	5,834,616.98	-	-	-	-5,894.70	5,828,722.28	2,866,345.26	624,866.69	-	-3,286.26	3,487,925.69	2,340,796.59
Audiovisual Equipment	2,205,868.99	-	-	-	-	2,205,868.99	1,070,389.14	252,363.09	-	-	1,322,752.24	883,116.75
Other Office Equipment	1,927,087.40	-	-	-	-2,053.75	1,925,033.65	1,024,133.00	342,481.61	-	-1,363.80	1,365,250.82	559,782.83
<i>Machinery And Equipment</i>												
Emergency And Medical Equipment	2,423,081.74	-	-	-	-	2,423,081.74	801,304.68	1,017,401.46	-	-	1,818,706.14	604,375.60
Other Plant And Equipment	3,505,928.40	115,286.42	-	-	-	3,621,214.82	1,965,296.76	663,723.81	-	-	2,629,020.57	992,194.25
Gardening Equipment	25,850.94	-	-	-	-	25,850.94	14,832.42	5,114.21	-	-	19,946.64	5,904.30
Generators And Compressors	605,752.44	-	-	-	-	605,752.44	339,860.19	114,160.63	-	-	454,020.82	151,731.62
Lab Equipment	304,859.12	-	-	-	-	304,859.12	207,713.92	59,030.20	-	-	266,744.12	38,115.00
<i>Transport Assets</i>												
Emergency Vehicles	11,491,968.17	-	-	-	-	11,491,968.17	5,559,290.39	1,013,016.27	-	-	6,572,306.65	4,919,661.52
Farm Vehicles	528,000.00	-	-	-	-	528,000.00	220,085.13	33,415.59	-	-	253,500.71	274,499.29
Passenger Vehicles	51,193,889.34	-	-	-	-1,872,996.83	49,320,892.51	29,737,780.38	4,690,692.02	-	-747,633.75	33,680,838.65	15,640,053.86
Specialised Vehicles	1,772,761.50	-	-	-	-	1,772,761.50	1,074,362.32	168,274.03	-	-	1,242,636.35	530,125.15
Trailers And Accessories	734,157.05	-	-	-	-	734,157.05	405,775.26	64,414.69	-	-	470,189.95	263,967.10
Trucks, Buses And Ldv'S	23,334,950.71	23,854,298.68	-	-	-	47,189,249.39	11,351,664.94	2,978,718.98	-	-	14,330,383.91	32,858,865.48
<b>Total</b>	<b>161,706,328</b>	<b>24,169,815</b>	<b>-</b>	<b>-</b>	<b>(1,992,480)</b>	<b>183,883,662</b>	<b>79,427,878</b>	<b>19,506,880</b>	<b>-</b>	<b>(791,855)</b>	<b>98,142,903</b>	<b>85,740,759</b>

Total	3,189,048,741	93,717,125	2,409,458,724	-	(2,559,037)	5,689,665,554	923,160,210	116,383,901	-	(1,358,411)	1,038,185,700	4,651,479,854
ASPIRE						1,001,291					863,279	138,012
Group Total						5,690,666,845					1,039,048,979	4,651,617,866

**Amathole District Municipality**  
ANALYSIS OF HERITAGE ASSETS AS AT 30 JUNE 2019

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Heritage Monuments												
Culturally Significant Building	400,000	-	-	-	-	400,000	-	-	-	-	-	400,000
Total	400,000	-	-	-	-	400,000	-	-	-	-	-	400,000

**Amathole District Municipality**  
ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 JUNE 2019

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Investment properties												
Land and buildings	155,210,848	-	-	-	-	155,210,848	4,129,090	357,356	-	-	4,486,445	150,724,403
Total	155,210,848	-	-	-	-	155,210,848	4,129,090	357,356	-	-	4,486,445	150,724,403

Amathole District Municipality  
ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2019

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
Intangible assets	R	R	R	R	R	R	R	R	R	R	R	R
Internally generated												
Other												
Assets under Development	-	-	-	-	-	-	-	-	-	-	-	-
Computer Software	62,779,423	-	-	-	-	62,779,423	23,379,552	12,878,510	-	-	36,258,062	26,521,361
Total	62,779,423	-	-	-	-	62,779,423	23,379,552	12,878,510	-	-	36,258,062	26,521,361
Total Asset Register	3,407,039,012	93,717,125	2,409,458,724	-	(2,559,037)	5,907,655,825	950,668,852	129,619,767	-	(1,358,411)	1,078,930,207	4,828,725,618
ASPIRE						308,939					280,442	28,497
Group Total						5,907,964,764					1,079,210,649	4,828,754,115



Amathole District Municipality  
Consolidated Annual Financial Statements  
APPENDIX C

for the year ended 30 June 2019

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2019

Description	Cost / Revaluation					Accumulated Depreciation					Accumulated Impairment					Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	
55400 Management of Water Service Providers	9,065,270	-	-	-	9,065,270	575,041	124,582	-	-	699,622	-	1,357,476	-	-	1,357,476	575,041	1,482,057	-	-	2,057,098	7,008,172
53100 Administration	6,150,019	-	-	-	6,150,019	1,398,583	209,992	-	-	1,608,575	-	1,777,360	-	-	1,777,360	1,398,583	1,987,351	-	-	3,385,934	2,764,085
55629 Operations & Maintenance Water: Mncwasa	1,890,000	-	-	-	1,890,000	442,920	62,954	-	-	505,874	-	533,626	-	-	533,626	442,920	596,580	-	-	1,039,500	850,500
55150 Building & Services Planning	4,275,000	-	-	-	4,275,000	1,709,922	142,396	-	-	1,852,318	-	498,932	-	-	498,932	1,709,922	641,328	-	-	2,351,250	1,923,750
55350 Water Service Authority	1,080,000	-	-	-	1,080,000	253,393	35,974	-	-	289,367	-	304,633	-	-	304,633	253,393	340,607	-	-	594,000	486,000
55850 Toleni WTW ex DWS	2,520,000	-	-	-	2,520,000	588,951	83,939	-	-	672,889	-	713,111	-	-	713,111	588,951	797,049	-	-	1,386,000	1,134,000
52400 Information Systems Unit	933,776	-	-	(131,837)	801,939	525,818	89,024	-	(112,934)	501,908	-	57,300	-	-	57,300	525,818	146,325	-	(112,934)	559,209	242,730
54120 Expenditure	65,935	-	-	(57,000)	8,935	49,821	12,690	-	-	62,511	-	-	-	-	-	49,821	12,690	-	(57,000)	5,511	3,424
57300 DIRECTOR LAND HOUSING AND ECONOMIC DEVELOPMENT	310,239	-	-	(264,456)	45,783	218,289	60,377	-	(264,456)	14,209	-	5,900	-	-	5,900	218,289	66,277	-	(264,456)	20,110	25,674
58100 Municipal Manager	108,763	-	-	(57,000)	51,763	53,670	16,990	-	(57,000)	13,660	-	3,296	-	-	3,296	53,670	20,286	-	(57,000)	16,957	34,806
55100 Director Engineering Services	41,451,565	69,547,311	-	(79,800)	110,919,076	24,096,399	4,598,317	-	(79,800)	28,614,916	-	5,519	-	-	5,519	24,096,399	4,603,836	-	(79,800)	28,620,435	82,298,642
54800 Credit Control	26,660	-	-	-	26,660	15,767	1,988	-	-	17,755	-	-	-	-	-	15,767	1,988	-	-	17,755	8,906
51500 General	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
56250 Municipal Health Services ADM	97,134	-	-	-	97,134	10,866	9,188	-	-	20,054	-	-	-	-	-	10,866	9,188	-	-	20,054	77,080
53700 Mayor's Committee	7,845	-	-	-	7,845	1,032	704	-	-	1,736	-	821	-	-	821	1,032	1,524	-	-	2,556	5,288
54100 Chief Financial Officer	84,170	-	-	-	84,170	44,382	5,874	-	-	50,257	-	23,890	-	-	23,890	44,382	29,764	-	-	74,147	10,023
54400 Asset Management	49,516	-	-	-	49,516	20,008	3,960	-	-	23,969	-	3,711	-	-	3,711	20,008	7,671	-	-	27,680	21,837
54700 Budgeting	7,456	-	-	-	7,456	4,442	4,966	-	-	9,408	-	1,990	-	-	1,990	4,442	2,513	-	-	6,955	500
54900 Billing	452,617	-	-	(9,600)	443,017	55,025	40,995	-	(828)	95,192	-	44,016	-	-	44,016	55,025	85,011	-	(828)	139,209	303,808
53200 Human Resources	42,967	-	-	-	42,967	27,178	3,473	-	-	30,651	-	-	-	-	-	27,178	3,473	-	-	30,651	12,316
58450 Mbhashe Satellite Office	32,398	-	-	-	32,398	21,321	2,640	-	-	23,961	-	2,709	-	-	2,709	21,321	5,349	-	-	26,671	5,727
54600 Supply Chain Management	41,845	-	-	-	41,845	23,084	3,914	-	-	26,998	-	-	-	-	-	23,084	3,914	-	-	26,998	14,847
52300 Strategic Planning	47,870	-	-	-	47,870	10,523	4,322	-	-	14,845	-	4,961	-	-	4,961	10,523	9,282	-	-	19,806	28,064
53600 Legislative Support Services	100,690	-	-	-	100,690	26,436	9,165	-	-	35,601	-	54,662	-	-	54,662	26,436	63,827	-	-	90,263	10,427
53800 Executive Support Services	11,926	-	-	-	11,926	8,935	1,132	-	-	10,067	-	741	-	-	741	8,935	1,873	-	-	10,807	1,119
52500 Communications & Customer Care	183,626	-	-	-	183,626	37,286	16,414	-	-	53,700	-	3,797	-	-	3,797	37,286	20,211	-	-	57,497	126,129
54300 Accounting & Reporting	42,892	-	-	-	42,892	21,389	3,640	-	-	25,029	-	1,495	-	-	1,495	21,389	5,134	-	-	26,524	16,368
56300 Fire Services	37,459	-	-	-	37,459	15,317	2,744	-	-	18,060	-	1,814	-	-	1,814	15,317	4,558	-	-	19,874	17,584
57200 Economic Development	5,214	-	-	-	5,214	3,838	495	-	-	4,333	-	-	-	-	-	3,838	495	-	-	4,333	882
57100 Land Administration & Housing	36,694	-	-	-	36,694	8,315	3,483	-	-	11,798	-	4,145	-	-	4,145	8,315	7,628	-	-	15,943	20,751
58650 Nxabu Satellite Office	159,097,182	-	-	(1,959,343)	157,137,839	76,400,663	13,914,140	-	(786,394)	89,528,409	-	2,066,533	-	-	2,066,533	76,400,663	18,020,290	-	(786,394)	95,701,092	61,436,747
55360 PMU	29,283	-	-	-	29,283	18,853	2,318	-	-	21,171	-	-	-	-	-	18,853	2,318	-	-	21,171	8,111
58150 Legal Services	7,343	-	-	-	7,343	3,559	427	-	-	3,986	-	-	-	-	-	3,559	427	-	-	3,986	3,357
53300 Director Legislative & Executive Support Services	11,285	-	-	-	11,285	8,484	1,071	-	-	9,555	-	-	-	-	-	8,484	1,071	-	-	9,555	1,729
53500 Council General	6,450	-	-	-	6,450	4,849	612	-	-	5,462	-	-	-	-	-	4,849	612	-	-	5,462	988
58250 Internal Audit	25,977	-	-	-	25,977	18,607	2,466	-	-	21,073	-	1,495	-	-	1,495	18,607	3,960	-	-	22,568	3,409
56200 Community Safety Services	7,766	-	-	-	7,766	3,838	737	-	-	4,575	-	-	-	-	-	3,838	737	-	-	4,575	3,936
56100 Community Services	39,027	24,169,815	-	-	24,208,842	7,617	1,037,581	-	-	1,045,199	-	-	-	-	-	7,617	1,037,581	-	-	1,045,199	23,163,643
52200 Municipal Support Unit	11,355	-	-	-	11,355	1,276	1,078	-	-	2,354	-	-	-	-	-	1,276	1,078	-	-	2,354	9,002
56650 Municipal Health Services in Nxabu	1,232	-	-	-	1,232	131	117	-	-	248	-	-	-	-	-	131	117	-	-	248	984
55602 Operations & Maintenance Water: Elliotdale	3,465,199	-	-	-	3,465,199	1,517,273	126,353	-	-	1,643,626	-	-	-	-	-	1,517,273	126,353	-	-	1,643,626	1,821,573
55601 Operations & Maintenance Water: Willowvale	1,892,415	-	-	-	1,892,415	778,827	64,858	-	-	843,685	-	-	-	-	-	778,827	64,858	-	-	843,685	1,048,730
55637 Operations & Maintenance Water: Nqadu	455,986	-	-	-	455,986	287,716	20,629	-	-	268,345	-	-	-	-	-	287,716	20,629	-	-	268,345	187,641
55700 Borehole Schemes	31,870,172	-	-	-	31,870,172	12,518,680	1,108,931	-	-	13,627,611	-	1,202	-	-	1,202	12,518,680	1,110,133	-	-	13,628,813	18,241,358
55600 Operations & Maintenance Water : Duthwa	21,820,477	-	-	-	21,820,477	5,269,806	438,850	-	-	5,708,656	-	-	-	-	-	5,269,806	438,850	-	-	5,708,656	16,111,821
55628 Operations & Maintenance Water: Peddie	6,421,239	-	-	-	6,421,239	2,898,731	241,396	-	-	3,140,127	-	-	-	-	-	2,898,731	241,396	-	-	3,140,127	3,281,121
55900 Borehole Schemes ex DWS	5,641,504	-	-	-	5,641,504	2,300,619	191,587	-	-	2,492,206	-	-	-	-	-	2,300,619	191,587	-	-	2,492,206	3,149,297
55612 Operations & Maintenance Water: Haga Haga	2,633,712	-	-	-	2,633,712	1,236,976	103,011	-	-	1,339,987	-	-	-	-	-	1,236,976	103,011	-	-	1,339,987	1,293,725
55625 Operations & Maintenance Water: Bedford	2,179,159	-	-	-	2,179,159	1,257,620	104,730	-	-	1,362,350	-	-	-	-	-	1,257,620	104,730	-	-	1,362,350	816,809
55616 Operations & Maintenance Water: Kei Bridge / Komga	3,307,147	-	-	-	3,307,147	1,712,817	142,637	-	-	1,855,454	-	-	-	-	-	1,712,817	142,637	-	-	1,855,454	1,451,693
55632 Operations & Maintenance Water: Gaatvume (incl Middl)	23,700,815	-	2,409,458,724	-	2,433,159,539	7,929,362	712,814	-	-	8,642,176	-	-	-	-	-	7,929,362	712,814	-	-	8,642,176	2,424,517,363
55620 Operations & Maintenance Water: Seymour	416,422																				

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Appendix D  
for the year ended 30 June 2019

2019 Actual Income R	2019 Actual Expenditure R	2019 Surplus R		2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus R
<b>RATES AND GENERAL SERVICES</b>						
-	35,449,939	(35,449,939)	<b>Legislative &amp; Executive Support Services</b>		35,449,939	(35,449,939)
2,228	14,837,209	(14,834,981)	Council General	2,228	14,837,209	(14,834,981)
-	6,275,643	(6,275,643)	Mayoral Committee		6,275,643	(6,275,643)
-	21,542,627	(21,542,627)	<b>Strategic Manager</b>		21,542,627	(21,542,627)
10,174	6,809,142	(6,798,968)	Municipal Support Unit	10,174	6,809,142	(6,798,968)
-	25,881,515	(25,881,515)	Information Systems Unit		25,881,515	(25,881,515)
249,669	122,444,275	(122,194,606)	<b>Corporate Services</b>	249,669	122,444,275	(122,194,606)
-	22,651,905	(22,651,905)	Human Resources		22,651,905	(22,651,905)
437	10,201,251	(10,200,814)	<b>Budget and Treasury</b>	437	10,201,251	(10,200,814)
1,971,030	13,370,329	(11,399,299)	Accounting and Reporting	1,971,030	13,370,329	(11,399,299)
-	7,183,463	(7,183,463)	Asset Management		7,183,463	(7,183,463)
-	12,290,853	(12,290,853)	Supply Chain Management		12,290,853	(12,290,853)
-	3,916,294	(3,916,294)	Budgeting		3,916,294	(3,916,294)
118,027	59,869,494	(59,751,467)	Revenue	118,027	59,869,494	(59,751,467)
-	5,564,289	(5,564,289)	Expenditure		5,564,289	(5,564,289)
4,815,032	319,495,760	(314,680,728)	<b>Engineering Services</b>	4,815,032	319,495,760	(314,680,728)
600	9,264,682	(9,264,082)	Building and Services Planning	600	9,264,682	(9,264,082)
909,498	1,700,617	(791,120)	Solid Waste site	909,498	1,700,617	(791,120)
-	768,675	(768,675)	Transport		768,675	(768,675)
-	5,480,157	(5,480,157)	Water Services Authority		5,480,157	(5,480,157)
-	-	-	Project Management Unit		-	-
267,873,663	428,024,358	(160,150,695)	Operations and Maintenance Water and Sanitation	267,873,663	428,024,358	(160,150,695)
1,252,193,649	365,851,281	886,342,368	Management of Water Services Authority	415,773,096	17,446,754	398,326,342
-	9,709,391	(9,709,391)	<b>Land Human Settlement &amp; Economic Development</b>		9,709,391	(9,709,391)
-	3,182,385	(3,182,385)	Land Administration and Housing		3,182,385	(3,182,385)
-	36,862,543	(36,862,543)	Economic Development		36,862,543	(36,862,543)
329,026,934	43,535,787	285,491,147	<b>Municipal Manager</b>	329,026,934	43,535,787	285,491,147
-	3,493,757	(3,493,757)	Legal Fees		3,493,757	(3,493,757)
-	9,056,968	(9,056,968)	Internal Audit		9,056,968	(9,056,968)
-	-	-	Shared services module		-	-
-	7,310,658	(7,310,658)	<b>Community Services</b>		7,310,658	(7,310,658)
-	7,974,434	(7,974,434)	Disaster Management		7,974,434	(7,974,434)
-	2,229,242	(2,229,242)	Community Safety Services		2,229,242	(2,229,242)
4,139,538	2,698,560	1,440,977	Municipal Health Services ADM	4,139,538	2,698,560	1,440,977
4,473,843	34,790,814	(30,316,971)	Fire Services	4,473,843	34,790,814	(30,316,971)
1,995	21,599,796	(21,597,802)	Municipal Health services LM's	1,995	21,599,796	(21,597,802)
<b>1,865,786,317</b>	<b>1,681,318,096</b>	<b>184,468,222</b>		<b>1,029,365,764</b>	<b>1,332,913,569</b>	<b>(303,547,804)</b>
-	1,200,625.00	(1,200,625)	Gain/(loss) on sale of assets	-	845,942	(845,942)
	(117,848,731)	117,848,731	Actuarial gains/losses	-	(75,524,502)	75,524,502
<b>1,865,786,317</b>	<b>1,564,669,990</b>	<b>301,116,328</b>	<b>Surplus for the year</b>	<b>1,029,365,764</b>	<b>1,258,235,009</b>	<b>-228,869,244</b>

Amathole District Municipality  
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Appendix F

DISCLOSURE OF GRANTS & SUBSIDIES IN TERMS OF MFMA  
as at 30 June 2019

CONDITIONAL GRANTS AND RECEIPTS	Transferring Department	Opening Balance	QUARTERLY RECEIPTS				Total Receipts	QUARTERLY EXPENDITURE				Total Expenditure	GRANTS & SUBSIDIES DELAYED/WITHHELD				Reason for delays/ withheld	Compliance with DORA	Reason for non compliance
			Sept 18	Dec 18	March 19	June 19		Sept 18	Dec 18	March 19	June 19		Sept 16	Dec 16	March 17	June 17			
		R	R	R	R	R	R	R	R	R	R	R							
LOCAL GOVERNMENT: FINANCIAL MANAGEMENT GRANT: (FMG) BUDGET REFORM	NT/COGTA	83,935	(1,000,000)	-	-	-	(1,000,000)	129,444	144,996	141,011	539,454	954,905	N/A	N/A	N/A	N/A	N/A	Yes	N/A
EXPANDED PUBLIC WORKS PROGRAMME INCENTIVE GRANT (EPWP)	NT/DPW	2,914	(613,000)	-	(1,833,000)	-	(2,446,000)	102,350	461,211	400,668	1,468,827	2,433,057	N/A	N/A	N/A	N/A	N/A	Yes	N/A
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT	NT	-	(7,080,000)	-	(920,000)	-	(8,000,000)	7,080,000	-	920,000	-	8,000,000	N/A	N/A	N/A	N/A	N/A	Yes	N/A
WATER SERVICES INFRASTRUCTURE GRANT	DWS	(8,570,298)	10,000,000	(60,000,000)	(30,000,000)	-	(80,000,000)	1,813,841	17,247,542	24,759,512	60,940,758	104,761,654	N/A	N/A	N/A	N/A	N/A	Yes	N/A
WATER SERVICES INFRASTRUCTURE GRANT - DROUGHT	DWS	-	-	-	(64,088,000)	-	-	-	-	-	6,722,580	6,722,580	N/A	N/A	N/A	N/A	N/A	Yes	N/A
REGIONAL BULK INFRASTRUCTURE GRANT	DWS (RBIG)	(5,816,286)	-	(64,351,101)	(32,274,537)	-	(96,625,639)	-	16,991,031	27,621,875	52,012,823	96,625,729	N/A	N/A	N/A	N/A	N/A	Yes	N/A
ROAD ASSET MANAGEMENT SYSTEM	NT/Road and Transport	(2,544,758)	2,057,000	-	882,000	-	2,939,000	-	-	-	1,488,651	1,488,651	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MUNICIPAL INFRASTRUCTURE GRANT (MIG)	NT	(5,816,286)	(96,000,000)	-	(303,232,000)	-	(399,232,000)	70,059,703	63,034,367	86,637,539	185,288,012	405,019,621	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MUNICIPAL DISASTER GRANT: DRILL BOREHOLE DUTYWA	DWS	(460,000)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MUNICIPAL DISASTER GRANT: DRILL BOREHOLE NGOABANE	DWS	36,271	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MUNICIPAL DISASTER GRANT: DRILL BOREHOLE DWESA REGION	DWS	(142,865)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
ACIP - VWV INFRASTRUCTURE REFURBISH R3 5M	ACIP	(650,289)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
LG SETA Grants	LG SETA	(1,882,282)	-	(631,736)	(203,652)	(397,099)	(1,232,487)	156,270	370,234	447,031	580,500	1,554,036	N/A	N/A	N/A	N/A	N/A	Yes	N/A
UPGRADE INFRASTRUCTURE SANITATION (CONSOLIDATION OF ACCOUNTS)	DWS	(193,316)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
PLANNING GRANT DLA	DHLG&TA	(1,456,032)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MINQUMA WAR ON LEAKS	DWS	296,703	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
WATER SERVICES OPERATING GRANT- DWS REFURBISHMENT	DWS	(29,705)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
SHIXINI WATER SUPPLY	DWS	(6,487)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
WATER SERVICE SUPPORT	WATER SERVICE SUPPORT	(562,068)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
COMMUNAL WATER STATIONS (DST/ CSIR)	DWS	(309,585)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
FREE BASIC SERVICES STRATEGY DEVELOPMENT	DWS	(130,000)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
VICTORIA POST	DHLG&TA	(152,250)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
TEKO SPRINGS/NDLOVINI	DHLG&TA	(68,161)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
NEEDS CAMP	DHLG&TA	(33,714)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
HOGSBACK	DHLG&TA	(130,884)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
HAGA HAGA	DHLG&TA	(41,923)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
WILLOWVALE	DHLG&TA	(171,954)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
ELLIOTDALE	DHLG&TA	(9,274)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
NDEVANA	DHLG&TA	(34,766)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MSOBOMVU	DHLG&TA	(57,530)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
HERTZOG	DHLG&TA	(84,070)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
GREAT KEI PLANNING FUNDS	DHLG&TA	(4,029)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MINQUMA PLANNING FUNDS	DHLG&TA	(110,000)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
NGQUSHWA PLANNING FUNDS	DHLG&TA	(46,667)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
NKONKOBÉ PLANNING FUNDS	DHLG&TA	(53,063)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MINQUMA SURVEY	DHLG&TA	(25,000)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
SURVEY INTEREST & CONTRIBUTION	DHLG&TA	(61,680)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
NGQUSHWA SURVEY FUNDS	DHLG&TA	(177,510)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
NKONKOBÉ SURVEY	DHLG&TA	(116,200)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
LEWIS SURVEY	DHLG&TA	(141,125)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
PRUDOE ENGINEERING DESIGN	DHLG&TA	(1,348)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DONGWE ENGINEERING DESIGN	DHLG&TA	(9,499)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
KUBUSIE ESTABLISHMENT GRANT	DHLG&TA	(698)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
NDLOVINI ESTABLISHMENT GRANT	DHLG&TA	(8,986)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DUCATS ESTABLISHMENT GRANT	DHLG&TA	(70,542)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
MACLEANTOWN ESTABLISHMENT GRANT	DHLG&TA	(16,849)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
PRUDOE ESTABLISHMENT GRANT	DHLG&TA	(51,233)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DONGWE ESTABLISHMENT GRANT	DHLG&TA	(76,675)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
TEKO SPRING ESTAB GRANT	DHLG&TA	(35,082)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
NEEDS CAMP ESTABLISHMENT GRANT	DHLG&TA	(66,222)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
TEKO SPRING TOP STRUCTURE	DHLG&TA	(106,438)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
PRUDOE TOP STRUCTURE	DHLG&TA	(447,353)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DONGWE TOP STRUCTURE	DHLG&TA	(1,347,309)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
NEEDSCAMP TOP STRUCTURE	DHLG&TA	(3,838)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DUCATS TOP STRUCTURE SUBSIDY	DHLG&TA	(23,234)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
KUBUSI TOP STRUCTURE	DHLG&TA	(3,816)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
LILLYVALE KAYSERS BEACH ESTABLISHMENT GRANT	DHLG&TA	(2,643)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
KAYSERS BEACH HOUSING PROJECT	DHLG&TA	(18,881)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
LILLYVALE ENG DESIGNS	DHLG&TA	(5,940)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
RESTITUTION AWARD (DLA)	DHLG&TA	(20,897,062)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
BENEFCIARY ADMINISTRATION (BREAKING NEW GROUND)	DHLG&TA	(13,215)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
ENVIRONMENTAL IMPACT ASSESSMENT	DHLG&TA	(729,225)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
GEO HYDROLOGY	DHLG&TA	(1,394,200)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
BAWA FALLS LED	DEDEA	(102,936)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
ELLIOTDALE BRICK MAKING	DEDEA	(232,803)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
EC INFORMATION INITIATIVE SUPPORT	DEDEA	(5,755)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
ECOTY BUTTERWORTH INTERCHANGE	DEDEA	(1,506,964)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
ROOF TOP RAIN WATER HARVESTING	DWS	(3,900)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
NGQUSI RAIN WATER HARVESTING	DWS	(5,700)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
SILWINDLALA WOMEN'S PROJECT	DEDEA	(2,303)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
BALFOUR SAWMILLS	DEDEA	(8,019)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
HIGHLANDS RESORTS	DEDEA	(75,836)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
PEDDIE BRICKS MAKING	DEDEA	(1,495)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
INKUTHALO HYDROPONICS	DEDEA	(1,524)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
CAPACITY BUILDING FOR LM's	DHLG&TA	(5,128)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
LED CAPACITY BUILDING - NGQUSHWA	DHLG&TA	(350,000)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
CHATHA DEVELOPMENT	DHLG&TA	(2,413,456)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
FINGOLAND REGIONAL AUTHORITY	DPLG	(101,276)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
DWESA - CWEBE RESTITUTIONAL	DHLG&TA	(5,308,303)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
CO-OPERATIVES SPECIALIST	DEDEA	(22,280)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
TOURISM SURVEY	DEDEA	(12,130)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
NXUBA DAM CHALETS DEVELOPMENT	DHLG&TA	(6,264)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A

CONDITIONAL GRANTS AND RECEIPTS	Transferring Department	Opening Balance	QUARTERLY RECEIPTS				Total Receipts	QUARTERLY EXPENDITURE				Total Expenditure	GRANTS & SUBSIDIES DELAYED/WITHHELD				Reason for delays/ withheld	Compliance with DORA	Reason for non compliance
			Sept 18	Dec 18	March 19	June 19		Sept 18	Dec 18	March 19	June 19		Sept 16	Dec 16	March 17	June 17			
		R	R	R	R	R	R	R	R	R	R	R							
PLOUGHING CONTACTORS-WARD 10	COMMUNITY	(1,155)					-					-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
PLOUGHING CONTRACTOR-NGXAKAXA	COMMUNITY	(1,642)					-					-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
PLOUGHING CONTRACTOR - Ward 15	COMMUNITY	(1,513)					-					-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
VUNA AWARDS	Other	(9,289)					-					-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
PUBLIC AWARENESS	Other	(365)					-					-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
TECHNICAL ASSISTANCE TO DEVELOP DISTRICT DEV PROFILE	Other	(18,338)					-					-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
HUMAN SETTLEMENTS DROUGHT RELIEF KATI KATI		(3,378,284)					-					-	N/A	N/A	N/A	N/A	N/A	Yes	N/A
<b>TOTAL GRANT PROVIDERS</b>		<b>(68,777,192)</b>	<b>(92,636,000)</b>	<b>(124,982,837)</b>	<b>(431,669,189)</b>	<b>(397,099)</b>	<b>(585,597,126)</b>	<b>79,341,608</b>	<b>98,249,382</b>	<b>140,927,637</b>	<b>309,041,605</b>	<b>627,560,232</b>							

Amathole District Municipality  
Consolidated Annual Financial Statements

**Annexure 1**  
**as at 30 June 2019**

	Balance at 01/07/2018	Contributions received during the year	Other Income	Roll overs returned	Expenditure during the year	Balance at 30/06/2019
CONDITIONAL GRANTS AND RECEIPTS	R	R	R	R	R	R
<b>NATIONAL GOVERNMENT GRANTS</b>						
LOCAL GOVERNMENT: FINANCIAL MANAGEMENT GRANT: (FMG) BUDGET REFORM	83,935	(1,000,000)	-		954,904.96	38,840
EXPANDED PUBLIC WORKS PROGRAMME INCENTIVE GRANT (EPWP)	2,914	(2,446,000)	-		2,433,057	(10,030)
WATER SERVICES INFRASTRUCTURE GRANT	(8,570,298)	(100,000,000)	-	-	104,761,654	(3,808,643)
WATER SERVICES INFRASTRUCTURE GRANT : DROUGHT	-	(64,088,000)			6,722,580	(57,365,420)
REGIONAL BULK INFRASTRUCTURE GRANT	(871,121)	(96,625,639)	-	-	96,625,408	(871,353)
ROAD ASSET MANAGEMENT SYSTEM	(2,544,758)	(2,939,000)	-	2,544,758	1,488,651	(1,450,350)
MUNICIPAL INFRASTRUCTURE GRANT (MIG)	(5,816,286)	(399,232,000)	-	-	405,019,621	(28,665)
MUNICIPAL DISASTER GRANT: DRILL BOREHOLE DUTYWA	(460,000)	-	-	-	-	(460,000)
MUNICIPAL DISASTER GRANT: DRILL BOREHOLENGQABANE	36,271	-	-	-	-	36,271
MUNICIPAL DISASTER GRANT: DRILL BOREHOLE DWESA REGION	(142,865)	-	-	-	-	(142,865)
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT	-	(8,000,000)		-	8,000,000	-
ACIP - WW INFRASTRUCTURE REFURBISH R3 5M	(650,289)	-	-	-	-	(650,289)
UPGRADE INFRASTRUCTURE SANITATION (CONSOLIDATION OF ACCOUNTS)	(193,316)	-	-	-	-	(193,316)
MNQUMA WAR ON LEAKS	296,703	-	-	-	-	296,703
SHIXINI WATER SUPPLY	(6,487)	-	-	-	-	(6,487)
WATER SERVICE SUPPORT	(562,068)	-	-	-	-	(562,068)
COMMUNAL WATER STATIONS (DST/ CSIR)	(309,585)	-	-	-	-	(309,585)
FREE BASIC SERVICES STRATEGY DEVELOPMENT	(330,000)	-	-	-	-	(330,000)
<b>TOTAL NATIONAL GOVERNMENT GRANTS</b>	<b>(20,037,249)</b>	<b>(674,330,639)</b>	<b>-</b>	<b>2,544,758</b>	<b>626,005,875</b>	<b>(65,817,255)</b>
<b>PROVINCIAL GOVERNMENT GRANTS</b>						
<b>PLANNING GRANT DLA</b>	<b>(1,456,032)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,456,032)</b>
VICTORIA POST	(152,250)	-	-	-	-	(152,250)
TEKO SPRINGS/NDLOVINI	(68,161)	-	-	-	-	(68,161)
NEEDS CAMP	(33,714)	-	-	-	-	(33,714)
HOGSBACK	(130,884)	-	-	-	-	(130,884)
HAGA HAGA	(41,923)	-	-	-	-	(41,923)
WILLOWVALE	(171,954)	-	-	-	-	(171,954)
ELLIOTDALE	(9,274)	-	-	-	-	(9,274)
NDEVANA	(34,766)	-	-	-	-	(34,766)
MSOBOMVU	(57,530)	-	-	-	-	(57,530)
HERTZOG	(84,070)	-	-	-	-	(84,070)
GREAT KEI PLANNING FUNDS	(4,029)	-	-	-	-	(4,029)
MNQUMA PLANNING FUNDS	(110,000)	-	-	-	-	(110,000)
NGQUSHWA PLANNING FUNDS	(46,667)	-	-	-	-	(46,667)
NKONKOBÉ PLANNING FUNDS	(53,063)	-	-	-	-	(53,063)
MNQUMA SURVEY	(25,000)	-	-	-	-	(25,000)
SURVEY INTEREST & CONTRIBUTION	(61,680)	-	-	-	-	(61,680)
NGQUSHWA SURVEY FUNDS	(177,510)	-	-	-	-	(177,510)
NKONKOBÉ SURVEY	(116,200)	-	-	-	-	(116,200)
LEWIS SURVEY	(141,125)	-	-	-	-	(141,125)
PRUDOE ENGINEERING DESIGN	(1,348)	-	-	-	-	(1,348)
DONGWE ENGINEERING DESIGN	(9,499)	-	-	-	-	(9,499)
KUBUSIE ESTABLISHMENT GRANT	(698)	-	-	-	-	(698)
NDLOVINI ESTABLISHMENT GRANT	(8,986)	-	-	-	-	(8,986)
DUCATS ESTABLISHMENT GRANT	(70,542)	-	-	-	-	(70,542)

Amathole District Municipality  
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**Annexure 1**  
**as at 30 June 2019**

	Balance at 01/07/2018	Contributions received during the year	Other Income	Roll overs returned	Expenditure during the year	Balance at 30/06/2019
CONDITIONAL GRANTS AND RECEIPTS	R	R	R	R	R	R
MACLEANTOWN ESTABLISHMENT GRANT	(16,849)	-	-	-	-	(16,849)
PRUDOE ESTABLISHMENT GRANT	(51,233)	-	-	-	-	(51,233)
DONGWE ESTABLISHMENT GRANT	(76,675)	-	-	-	-	(76,675)
TEKO SPRING ESTAB GRANT	(35,082)	-	-	-	-	(35,082)
NEEDS CAMP ESTABLISHMENT GRANT	(66,222)	-	-	-	-	(66,222)
TEKO SPRING TOP STRUCTURE	(106,438)	-	-	-	-	(106,438)
PRUDOE TOP STRUCTURE	(447,353)	-	-	-	-	(447,353)
DONGWE TOP STRUCTURE	(1,347,309)	-	-	-	-	(1,347,309)
NEEDSCAMP TOP STRUCTURE	(3,838)	-	-	-	-	(3,838)
DUCATS TOP STRUCTURE SUBSIDY	(23,234)	-	-	-	-	(23,234)
KUBUSI TOP STRUCTURE	(3,816)	-	-	-	-	(3,816)
LILYVALE KAYERS BEACH ESTABLISHMENT GRANT	(2,643)	-	-	-	-	(2,643)
KAYERS BEACH HOUSING PROJECT	(18,881)	-	-	-	-	(18,881)
LILLYVALE ENG DESIGNS	(5,940)	-	-	-	-	(5,940)
RESTITUTION AWARD (DLA)	(20,897,062)	-	-	-	-	(20,897,062)
BENEFICIARY ADMINISTRATION (BREAKING NEW GROUND)	(3,215)	-	-	-	-	(3,215)
ENVIROMENTAL IMPACT ASSESMENT	(739,235)	-	-	-	-	(739,235)
GEO HYDROLOGY	(1,394,200)	-	-	-	-	(1,394,200)
BAWA FALLS LED	(102,936)	-	-	-	-	(102,936)
ELLIOTDALE BRICK MAKING	(232,803)	-	-	-	-	(232,803)
EC INFORMATION INITIATIVE SUPPORT	(5,755)	-	-	-	-	(5,755)
ECDOT: BUTTERWORTH INTERCHANGE	(1,506,964)	-	-	-	-	(1,506,964)
ROOF TOP RAIN WATER HARVESTING	-3,900.00	-	-	-	-	(3,900)
NGQUSI RAIN WATER HARVESTING	-5,700.00	-	-	-	-	(5,700)
SILWINDLALA WOMEN'S PROJECT	(2,303)	-	-	-	-	(2,303)
BALFOUR SAWMILLS	(8,019)	-	-	-	-	(8,019)
HIGHLANDS RESORTS	(75,836)	-	-	-	-	(75,836)
PEDDIE BRICKS MAKING	(1,495)	-	-	-	-	(1,495)
INKUTHALO HYDROPONICS	(1,524)	-	-	-	-	(1,524)
CAPACITY BUILDING FOR LM's	(5,128)	-	-	-	-	(5,128)
LED CAPACITY BUILDING - NGQUSHWA	(350,000)	-	-	-	-	(350,000)
CHATHA DEVELOPMENT	(2,413,456)	-	-	-	-	(2,413,456)
FINGOLAND REGIONAL AUTHORITY	(101,278)	-	-	-	-	(101,278)
DWESA - CWEBE RESTITUTIONAL	(5,308,303)	-	-	-	-	(5,308,303)
CO-OPERATIVES SPECIALIST	(22,280)	-	-	-	-	(22,280)
TOURISM SURVEY	(12,130)	-	-	-	-	(12,130)
NXUBA DAM CHALETS DEVELOPMENT	(6,264)	-	-	-	-	(6,264)
VUNA AWARDS	(9,289)	-	-	-	-	(9,289)
PUBLIC AWARENESS	(365)	-	-	-	-	(365)
TECHNICAL ASSISTANCE TO DEVELOP DISTRICT DEV PROFILE	(18,338)	-	-	-	-	(18,338)
HUMAN SETTLEMENTS DROUGHT RELIEF KATI KATI	(3,378,284)	-	-	-	-	(3,378,284)
<b>PROVINCIAL GOVERNMENT GRANTS</b>	<b>(41,878,483)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(41,878,483)</b>
<b>OTHER GRANT PROVIDERS</b>						
LG SETA Grants	(1,882,282)	(1,232,487)	-	-	1,554,036	(1,560,733)
PLOUGHING CONTACTORS-WARD 10	(1,155)	-	-	-	-	(1,155)
PLOUGHING CONTRACTOR-NGXAKAXA	(1,642)	-	-	-	-	(1,642)
PLOUGHING CONTRACTOR - Ward 15	(1,513)	-	-	-	-	(1,513)
<b>TOTAL OTHER GRANT PROVIDERS</b>	<b>(1,886,593)</b>	<b>(1,232,487)</b>	<b>-</b>	<b>-</b>	<b>1,554,036</b>	<b>(1,565,044)</b>
<b>ASPIRE</b>	<b>(4,003,091)</b>	<b>(8,522,250)</b>	<b>-</b>	<b>3,008,531</b>	<b>6,491,180</b>	<b>(3,025,630)</b>

**Annexure 1**  
**as at 30 June 2019**

	Balance at 01/07/2018	Contributions received during the year	Other Income	Roll overs returned	Expenditure during the year	Balance at 30/06/2019
CONDITIONAL GRANTS AND RECEIPTS	R	R	R	R	R	R
	(67,805,415)	(684,085,376)	-	5,553,289	634,051,091	(112,286,411)
<b>TOTAL GRANTS</b>						

Amathole District Municipality  
Consolidated Annual Financial Statements  
Annexure 2  
for the year ended 30 June 2019

Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2018/2019											2017/2018			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>Revenue - Standard</b>															
<i>Governance and administration</i>	1,366,441	187,128	1,553,569	–	–	1,553,569	1,226,898	–	326,671	0	#DIV/0!	–	–	–	322,014
Executive and council	1,359,415	123,658	1,483,074			1,483,074	1,208,383	–	274,691	81%	89%	–	–	–	322,014
Finance and administration	7,025	63,430	70,455			70,455	18,515	–	51,941	26%	264%	–	–	–	
Internal audit		40	40			40		–	40	0%	#DIV/0!	–	–	–	
<i>Community and public safety</i>	6,949	26,088	33,037	–	–	33,037	–	–	33,037	–	#DIV/0!	–	–	–	1,333
Community and social services	–	–	341			341		–	341	0%	#DIV/0!	–	–	–	
Sport and recreation	–	–	–			–		–	–	#DIV/0!	#DIV/0!	–	–	–	
Public safety	6,949	(2,852)	4,098			4,098		–	4,098	0%	0%	–	–	–	1,333
Housing	–	26,223	26,223			26,223		–	26,223	0%	#DIV/0!	–	–	–	
Health	–	2,375	2,375			2,375		–	2,375	0%	#DIV/0!	–	–	–	
<i>Economic and environmental services</i>	30,488	8,693	39,181	–	–	39,181	10,433	–	28,748	0	0	–	–	–	–
Planning and development	30,488	8,693	39,181			39,181	10,433	–	28,748	27%	34%	–	–	–	–
Road transport	–	–	–			–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
<i>Trading services</i>	376,898	174,830	551,728	–	–	551,728	639,849	(456,982)	(88,121)	0	0	–	–	–	83,097
Water	248,189	120,672	368,861			368,861		–	368,861	0%	0%	–	–	–	55,201
Waste water management	126,216	55,378	181,594			181,594	638,340	(456,747)	(456,747)	352%	506%	–	–	–	27,896
Waste management	2,493	(1,219)	1,274			1,274	1,509	(235)	(235)	118%	61%	–	–	–	–
<b>Total Revenue - Standard</b>	<b>1,780,776</b>	<b>396,740</b>	<b>2,177,515</b>	<b>–</b>	<b>–</b>	<b>2,177,515</b>	<b>1,877,180</b>	<b>(456,982)</b>	<b>600,670</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>406,443</b>
<b>Expenditure - Standard</b>															
<i>Governance and administration</i>	611,652	(8,655)	602,997	–	65,003	668,000	623,164	(24,758)	44,836	0	0	(12,022)	(12,022)	–	697,435
Executive and council	218,780	14,747	233,527		42,016	275,543	300,301	(24,758)	(24,758)	109%	137%	(7,362)	(7,362)	–	262,062
Finance and administration	381,154	(23,530)	357,624		23,517	381,140	312,095	–	69,045	82%	82%	–	–	–	425,272
Internal audit	11,718	128	11,846		(530)	11,316	10,768	–	548	95%	92%	(4,660)	(4,660)	–	10,101
<i>Community and public safety</i>	102,784	27,893	130,676	–	(31,227)	99,449	74,785	(480)	24,664	#DIV/0!	(0)	–	–	–	91,076
Community and social services	8,923	(466)	8,457	–	(126)	8,331	7,754	–	577	93%	87%	–	–	–	8,426
Sport and recreation	–	–	–			–	–	–	–	#DIV/0!	–	–	–	–	–
Public safety	46,835	25	46,860		(2,002)	44,858	45,338	(480)	(480)	–	–	–	–	–	43,868
Housing	1,437	26,170	27,607		(26,104)	1,502	(19,059)	–	20,562	-1269%	-1326%	–	–	–	1,389
Health	45,588	2,165	47,753		(2,994)	44,758	40,752	–	4,006	91%	89%	–	–	–	37,393
<i>Economic and environmental services</i>	69,747	13,259	83,006	–	(10,283)	72,724	69,638	–	3,086	0	0	–	–	–	61,618
Planning and development	68,088	13,946	82,035		(10,262)	71,772	68,705	–	3,068	96%	101%	–	–	–	60,220
Road transport	1,659	(687)	972		(21)	951	933	–	18	98%	56%	–	–	–	1,399
<i>Trading services</i>	710,033	(28,716)	681,316	–	(24,355)	656,962	736,067	(79,105)	(79,105)	0	0	–	–	–	624,176
Water	546,187	(32,225)	513,962		(21,941)	492,021	527,796	(35,776)	(35,776)	107%	97%	–	–	–	484,227
Waste water management	156,775	2,802	159,577		(2,447)	157,130	200,317	(43,187)	(43,187)	127%	128%	–	–	–	134,041
Waste management	7,071	706	7,777		34	7,811	7,953	(142)	(142)	102%	112%	–	–	–	5,909
<b>Total Expenditure - Standard</b>	<b>1,494,216</b>	<b>3,780</b>	<b>1,497,996</b>	<b>–</b>	<b>(862)</b>	<b>1,497,135</b>	<b>1,503,654</b>	<b>(104,343)</b>	<b>(6,519)</b>	<b>#DIV/0!</b>	<b>(0)</b>	<b>(12,022)</b>	<b>(12,022)</b>	<b>–</b>	<b>1,474,306</b>
<b>Surplus/(Deficit) for the year</b>	<b>286,560</b>	<b>392,959</b>	<b>679,519</b>		<b>862</b>	<b>680,381</b>	<b>373,526</b>	<b>(352,639)</b>	<b>607,190</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>12,022</b>	<b>12,022</b>		<b>(1,067,863)</b>
<b>ASPIRE</b>	<b>4,953</b>	<b>900</b>	<b>5,853</b>		<b>(862)</b>		<b>4,986</b>								
<b>Surplus/(Deficit) for the year GROUP</b>	<b>291,513</b>	<b>393,859</b>	<b>685,372</b>			<b>680,381</b>	<b>378,512</b>	<b>(352,639)</b>	<b>607,190</b>						<b>3,549</b>



Amathole District Municipality  
Consolidated Annual Financial Statements  
Annexure 2  
for the year ended 30 June 2019

Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2018/2019											2017/2018			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>Revenue by Vote</b>															
Vote 01 - Legislative & Executive Support Services	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	12
Vote 02 - Strategic Management	–	14,701	14,701	–	–	14,701	–	–	14,701	0%	#DIV/0!	–	–	–	–
Vote 3 - Corporate Services	307	60,981	61,288	–	–	61,288	2,972	–	58,316	5%	100%	–	–	–	229
Vote 4 - Budget & Treasury	6,719	970	7,689	–	–	7,689	16,051	(8,362)	(8,362)	209%	239%	–	–	–	6,804
Vote 5 - Engineering Department	1,041,106	105,928	1,147,034	–	–	1,147,034	1,059,795	–	87,239	92%	102%	–	–	–	891
Vote 6 - Health & Protection Department	6,949	(136)	6,814	–	–	6,814	–	–	6,814	0%	0%	–	–	–	1,215
Vote 7 - Water & Sanitation Management	–	3,052	3,052	–	–	3,052	638,292	(635,239)	(635,239)	20911%	#DIV/0!	–	–	–	182,101
Vote 8 - Water Services	248,189	117,569	365,758	–	–	365,758	49	–	365,709	0%	0%	–	–	–	55,802
Vote 9 - Sanitation Services	126,216	55,378	181,594	–	–	181,594	–	–	181,594	0%	0%	–	–	–	22,375
Vote 10 - Land Human Settlement & Economic Development	9,526	38,104	47,630	–	–	47,630	10,433	–	37,197	22%	110%	–	–	–	–
Vote 11 - Municipal Management	341,764	192	341,956	–	–	341,956	149,589	–	192,367	44%	44%	–	–	–	137,013
			–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
<b>Total Revenue by Vote</b>	<b>1,780,776</b>	<b>396,740</b>	<b>2,177,515</b>	<b>–</b>	<b>–</b>	<b>2,177,515</b>	<b>1,877,180</b>	<b>(643,601)</b>	<b>300,335</b>			<b>–</b>	<b>–</b>	<b>–</b>	<b>406,443</b>
<b>Expenditure by Vote to be appropriated</b>															
Vote 1 - Legislative & Executive Support Services	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	57,996
Vote 2 - Strategic Management	76,277	12,044	88,321	–	11,823	100,144	95,510	–	4,633	95%	125%	–	–	–	74,122
Vote 3 - Corporate Services	256,354	(37,544)	218,810	–	16,031	234,840	167,345	–	67,495	71%	100%	–	–	–	225,366
Vote 4 - Budget & Treasury	143,734	(2,059)	141,676	–	3,854	145,530	140,885	–	4,645	97%	98%	–	–	–	140,915
Vote 5 - Engineering Department	92,918	11,447	104,365	–	31,790	136,155	188,671	(52,516)	(52,516)	139%	203%	(52,516)	(52,516)	–	788,577
Vote 6 - Health & Protection Department	101,346	1,723	103,070	–	(5,122)	97,947	93,844	–	4,103	96%	93%	–	–	–	89,687
Vote 7 - Water & Sanitation Management	63,415	(36,317)	27,098	–	26,660	53,758	49,708	–	4,050	92%	78%	–	–	–	–
Vote 8 - Water Services	477,084	3,916	480,999	–	(48,425)	432,574	471,177	(38,603)	(38,603)	109%	99%	(38,603)	(38,603)	–	–
Vote 9 - Sanitation Services	156,775	2,802	159,577	–	(2,447)	157,130	200,317	(43,187)	(43,187)	127%	128%	(43,187)	(43,187)	–	–
Vote 10 - Land Human Settlement & Economic Development	68,557	43,792	112,349	–	(38,091)	74,257	41,288	–	32,970	56%	60%	–	–	–	53,993
Vote 11 - Municipal Management	57,755	3,977	61,732	–	3,066	64,799	54,908	–	9,891	85%	95%	–	–	–	43,651
			–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
			–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Total Expenditure by Vote</b>	<b>1,494,216</b>	<b>3,780</b>	<b>1,497,996</b>	<b>–</b>	<b>(862)</b>	<b>1,497,135</b>	<b>1,503,654</b>	<b>(134,306)</b>	<b>(6,519)</b>			<b>(134,306)</b>	<b>(134,306)</b>	<b>–</b>	<b>1,474,307</b>
<b>Surplus/(Deficit) for the year</b>	<b>286,560</b>	<b>392,959</b>	<b>679,519</b>	<b>–</b>	<b>862</b>	<b>680,381</b>	<b>373,526</b>	<b>(509,295)</b>	<b>306,854</b>			<b>134,306</b>	<b>134,306</b>	<b>–</b>	<b>(1,067,863)</b>
<b>ASPIRE</b>	<b>(6,572)</b>	<b>9,724</b>	<b>3,152</b>	<b>–</b>	<b>–</b>	<b>(680,381)</b>									
<b>Surplus/(Deficit) for the year GROUP</b>	<b>279,988</b>	<b>402,683</b>	<b>682,671</b>	<b>–</b>	<b>862</b>	<b>–</b>	<b>373,526</b>	<b>(509,295)</b>	<b>306,854</b>	<b>–</b>	<b>–</b>	<b>134,306</b>	<b>134,306</b>	<b>–</b>	<b>(1,067,863)</b>

**Amathole District Municipality**  
**Consolidated Annual Financial Statements**  
**Annexure 2**  
for the year ended 30 June 2019

**Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure): Municipality**

Description	2018/2019					2017/18					
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Balance to be recovered	Restated Audited Outcome
<b>R thousand</b>											
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>14</b>	<b>15</b>
<b>Revenue By Source</b>											
Service charges - water revenue	248,189	(1,513)	246,676	–	–	246,676	254,599		(7,923)	–	171,528
Service charges - sanitation revenue	126,216	(2,575)	123,642	–	–	123,642	104,082		19,560	–	85,873
Service charges - other	2,493	(1,240)	1,253	–	–	1,253	5,584		(4,331)	–	4,629
Rental of facilities and equipment	6,949	(3,456)	3,493	–	–	3,493	268		3,226	–	308
Interest earned - external investments	307	–	307	–	–	307	18,984		(18,678)	–	6,542
Interest earned - outstanding debtors	2,904	–	2,904	–	–	2,904	65,599		(62,696)	–	11,555
Fines	2,815	–	2,815	–	–	2,815	–		2,815	–	–
Transfers recognised - operational	–	–	–	–	–	–	–		–	–	–
Grants and subsidies	819,537	–	862,913	–	–	862,913	1,340,112		(477,198)	–	1,283,745
Other revenue	58,361	293,064	351,426	–	–	351,426	3,564		347,862	–	2,021
Gains on disposal of PPE	–	–	–	–	–	–	–		–	–	–
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1,267,771</b>	<b>284,281</b>	<b>1,595,428</b>	<b>–</b>	<b>–</b>	<b>1,595,428</b>	<b>1,792,792</b>		<b>(197,364)</b>	<b>–</b>	<b>1,566,202</b>
<b>Expenditure By Type</b>											
Employee related costs	836,090	(74,976)	761,113	–	34,029	795,142	721,842	73,301	73,301	–	740,793
Remuneration of councillors	16,034	(19)	16,015	–	376	16,391	15,242	1,148	1,148	–	14,645
Debt impairment	108,195	–	108,195	–	(0)	108,195	246,777	(138,582)	(138,582)	–	162,267
Depreciation & asset impairment	106,864	13,941	120,805	–	(3,636)	117,169	129,618	(12,449)	(12,449)	–	110,630
Finance charges	25,139	(36)	25,103	–	(24,421)	683	26,003	(25,320)	(25,320)	–	92,359
Bulk purchases	100,672	(2,700)	97,972	–	2,731	100,704	103,847	(3,143)	(3,143)	–	92,359
Contracted services	29,561	(2,450)	27,110	–	10,674	37,784	36,394	1,391	1,391	–	41,361
Transfers and grants	22,606	920	23,526	–	(8,000)	15,526	9,292	6,234	6,234	–	43,663
Other expenditure	249,056	69,101	318,157	–	(12,616)	305,541	392,303	(86,763)	(86,763)	–	235,340
Loss on disposal of PPE	–	–	–	–	–	–	1,201	(1,201)	(1,201)	–	846
<b>Total Expenditure</b>	<b>1,494,216</b>	<b>3,780</b>	<b>1,497,996</b>	<b>–</b>	<b>(862)</b>	<b>1,497,135</b>	<b>1,682,519</b>	<b>(185,384)</b>	<b>(185,384)</b>	<b>–</b>	<b>1,534,263</b>
<b>Surplus/(Deficit)</b>	<b>(226,445)</b>	<b>288,061</b>	<b>97,432</b>	<b>–</b>	<b>862</b>	<b>98,293</b>	<b>110,273</b>	<b>185,384</b>	<b>(11,980)</b>	<b>–</b>	<b>31,939</b>
Transfers recognised - capital	513,005	–	578,562	–	–	578,562	520,805	57,757	57,757	–	519,532
Contributions recognised - capital	–	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>286,560</b>	<b>–</b>	<b>675,994</b>	<b>–</b>	<b>–</b>	<b>676,855</b>	<b>520,805</b>	<b>57,757</b>	<b>57,757</b>	<b>–</b>	<b>519,532</b>
Taxation	–	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after taxation</b>	<b>286,560</b>	<b>–</b>	<b>675,994</b>	<b>–</b>	<b>–</b>	<b>676,855</b>	<b>520,805</b>	<b>57,757</b>	<b>57,757</b>	<b>–</b>	<b>519,532</b>
Attributable to minorities	–	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) attributable to municipality</b>	<b>286,560</b>	<b>–</b>	<b>675,994</b>	<b>–</b>	<b>–</b>	<b>676,855</b>	<b>520,805</b>	<b>57,757</b>	<b>57,757</b>	<b>–</b>	<b>519,532</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>286,560</b>	<b>–</b>	<b>675,994</b>	<b>–</b>	<b>–</b>	<b>676,855</b>	<b>520,805</b>	<b>57,757</b>	<b>57,757</b>	<b>–</b>	<b>519,532</b>
<b>ASPIRE</b>	<b>(6,572)</b>	<b>9,724</b>	<b>3,152</b>	<b>0</b>	<b>0</b>						
<b>Surplus/(Deficit) for the year GROUP</b>	<b>279,988</b>	<b>9,724</b>	<b>679,146</b>	<b>–</b>	<b>–</b>	<b>676,855</b>	<b>520,805</b>	<b>57,757</b>	<b>57,757</b>	<b>–</b>	<b>519,532</b>

Amathole District Municipality  
Consolidated Annual Financial Statements  
**Annexure 2**  
for the year ended 30 June 2019

Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding: Municipality

Vote Description R thousand	2018/2019											2017/2018			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>Capital expenditure - Vote</b>															
<b>Multi-year expenditure</b>															
Vote 01 - Legislative & Executive Support Services	–	–	–			–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Vote 02 - Strategic Management	–	–	–			–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Vote 03 - Internally Funded Projects	–	–	–			–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Vote 04 - Corporate Services	–	–	–			–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Vote 05 - Budget & Treasury	–	–	–			–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Vote 06 - Engineering Department	570,930	76,183	647,114	–	–	647,114	463,761	–	183,352	72%	81%	–	–	–	206,356
Vote 11 - Land Human Settlement & Economic Development	–	–	–	–	–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
<b>Capital multi-year expenditure sub-total</b>	<b>570,930</b>	<b>76,183</b>	<b>647,114</b>	<b>–</b>	<b>–</b>	<b>647,114</b>	<b>463,761</b>	<b>–</b>	<b>183,352</b>			<b>–</b>	<b>–</b>	<b>–</b>	<b>206,356</b>
<b>Single-year expenditure</b>															
Vote 1 - Legislative & Executive Support Services	–	–	–		–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Vote 2 - Strategic Management	42,000	(13,861)	28,139		49	28,188	56	–	28,132	0%	0%	–	–	–	9,102
Vote 3 - Corporate Services	–	–	–		–	–	–	–	–	0%	0%	–	–	–	–
Vote 4 - Budget & Treasury	53	7	60		83	143	142	–	1	99%	269%	–	–	–	–
Vote 5 - Engineering Department	–	120	120		–	120	–	–	120	0%	#DIV/0!	–	–	–	–
Vote 6 - Health & Protection Department	–	–	–		–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	275
Vote 7 - Water & Sanitation Management	–	–	–		–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Vote 8 - Water Services	–	–	–		–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Vote 9 - Sanitation Services	–	–	–		–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Vote 10 - Land Human Settlement & Economic Development	–	–	–		11	11	11	–	0	100%	#DIV/0!	–	–	–	–
Vote 11 - Municipal Management	–	–	–		–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
	–	–	–		–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
<b>Capital single-year expenditure sub-total</b>	<b>42,053</b>	<b>(13,733)</b>	<b>28,319</b>	<b>–</b>	<b>142</b>	<b>28,462</b>	<b>209</b>	<b>–</b>	<b>28,253</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>9,377</b>
<b>Total Capital Expenditure - Vote</b>	<b>612,983</b>	<b>62,450</b>	<b>675,433</b>	<b>–</b>	<b>142</b>	<b>675,575</b>	<b>463,970</b>	<b>–</b>	<b>211,605</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>215,733</b>
<b>Capital Expenditure - Standard</b>															
<b>Governance and administration</b>	<b>612,983</b>	<b>62,330</b>	<b>675,313</b>	<b>–</b>	<b>142</b>	<b>675,455</b>	<b>463,970</b>	<b>–</b>	<b>211,485</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>215,458</b>
Executive and council	612,930	34,183	647,114		142	647,256	463,828	–	183,427	72%	76%	–	–	–	215,458
Finance and administration	53	28,147	28,199		–	28,199	142	–	28,058	1%	269%	–	–	–	–
Internal audit	–	–	–		–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
<b>Community and public safety</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>275</b>	<b>(275)</b>	<b>(275)</b>			<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Community and social services	–	–	–		–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Sport and recreation	–	–	–		–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Public safety	–	–	–		–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Housing	–	–	–		–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Health	–	–	–		–	–	275	(275)	(275)	#DIV/0!	#DIV/0!	–	–	–	–
<b>Economic and environmental services</b>	<b>–</b>	<b>120</b>	<b>120</b>	<b>–</b>	<b>–</b>	<b>120</b>	<b>–</b>	<b>120</b>	<b>120</b>	<b>–</b>	<b>#DIV/0!</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Planning and development	–	120	120		–	120	–	120	120	0%	#DIV/0!	–	–	–	–
<b>Trading services</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Water	–	–	–		–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Waste water management	–	–	–		–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
Waste management	–	–	–		–	–	–	–	–	#DIV/0!	#DIV/0!	–	–	–	–
<b>Total Capital Expenditure - Standard</b>	<b>612,983</b>	<b>62,450</b>	<b>675,433</b>	<b>–</b>	<b>142</b>	<b>675,575</b>	<b>464,245</b>	<b>(155)</b>	<b>211,330</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>215,458</b>
<b>Funded by:</b>															
National Government	570,983	76,310	647,294		83	647,377	463,903	–	183,474	72%	81%	–	–	–	215,733
Provincial Government	–	–	–		–	–	–	–	–	–	–	–	–	–	–
District Municipality	–	–	–		–	–	–	–	–	–	–	–	–	–	–
Other transfers and grants	–	–	–		–	–	–	–	–	–	–	–	–	–	–
<b>Transfers recognised - capital</b>	<b>570,983</b>	<b>76,310</b>	<b>647,294</b>	<b>–</b>	<b>83</b>	<b>647,377</b>	<b>463,903</b>	<b>–</b>	<b>183,474</b>						<b>215,733</b>
<b>Public contributions &amp; donations</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>						<b>–</b>
<b>Borrowing</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>						<b>–</b>
<b>Internally generated funds</b>	<b>42,000</b>	<b>(13,861)</b>	<b>28,139</b>	<b>–</b>	<b>59</b>	<b>28,199</b>	<b>67</b>	<b>–</b>	<b>28,132</b>	<b>0%</b>	<b>0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total Capital Funding</b>	<b>612,983</b>	<b>62,450</b>	<b>675,433</b>	<b>–</b>	<b>142</b>	<b>675,575</b>	<b>463,970</b>	<b>–</b>	<b>211,605</b>	<b>0</b>	<b>0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>215,733</b>

**Amathole District Municipality**  
**Consolidated Annual Financial Statements**  
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**Reconciliation of Table A7 Budgeted Cash Flows**

Description R thousand	2018/2019								2017/2018
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Audited Outcome
	1	2	3	6	7	9	10	11	12
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>	<b>1,653,043</b>	<b>120,900</b>	<b>1,773,944</b>	<b>1,773,944</b>	<b>1,481,191</b>	<b>292,752</b>	<b>0</b>	<b>0</b>	<b>1,386,300</b>
Ratepayers and other	315,627	104,591	420,218	420,218	59,871	360,347	14%	19%	119,495
Government - operating	819,537	23,563	843,101	843,101	816,069	27,032	97%	100%	727,903
Government - capital	513,005	(14,278)	498,726	498,726	520,805	(22,079)	104%	102%	520,805
Interest	4,874	7,024	11,899	11,899	84,446	(72,548)	100%	100%	18,097
<b>Payments</b>	<b>(1,497,536)</b>	<b>225,318</b>	<b>(1,272,218)</b>	<b>(1,272,218)</b>	<b>(1,203,032)</b>	<b>(1,064,781)</b>	<b>0</b>	<b>0</b>	<b>(1,139,046)</b>
Suppliers and employees	(1,449,791)	205,224	(1,244,567)	(1,244,567)	(1,177,029)	(1,058,065)	95%	81%	(1,111,519)
Finance charges	(25,139)	(2,511)	(27,650)	(27,650)	(26,003)	(6,716)	100%	100%	(27,527)
Other	(22,606)	22,606	-	-	-	-	100%	100%	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>155,508</b>	<b>346,218</b>	<b>501,726</b>	<b>501,726</b>	<b>278,159</b>	<b>(772,029)</b>	<b>0</b>	<b>0</b>	<b>247,254</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>	<b>-</b>	<b>33,972</b>	<b>33,972</b>	<b>33,972</b>	<b>146</b>	<b>33,826</b>	<b>0</b>	<b>0</b>	<b>21</b>
Proceeds on disposal of PPE	-	33,972	33,972	33,972	146	33,826	100%	100%	21
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	100%	100%	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	100%	100%	0
Decrease (increase) in financial assets	-	-	-	-	0	(0)	100%	100%	-
<b>Payments</b>	<b>(555,057)</b>	<b>(23,505)</b>	<b>(578,562)</b>	<b>(578,562)</b>	<b>(330,936)</b>	<b>(247,626)</b>	<b>0</b>	<b>0</b>	<b>#REF!</b>
Capital assets	(555,057)	(23,505)	(578,562)	(578,562)	(330,936)	(247,626)	57%	60%	#REF!
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(555,057)</b>	<b>10,467</b>	<b>(544,590)</b>	<b>(544,590)</b>	<b>(330,790)</b>	<b>(213,801)</b>	<b>0</b>	<b>0</b>	<b>#REF!</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>62,539</b>	<b>(62,539)</b>			<b>(599)</b>
Borrowing long term/refinancing	-	-	-	-	-	-			-
Movement in the defined benefit obligation	-	-	-	-	61,075	(61,075)	100%	100%	28
Movement in operating leases	-	-	-	-	1,570	(1,570)	100%	100%	-
Finance lease payments	-	-	-	-	(144)	144	100%	100%	(656)
Increase (decrease) in consumer deposits	-	-	-	-	38	(38)	100%	100%	28
<b>Payments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>-</b>
Repayment of borrowing	-	-	-	-	-	-	100%	100%	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>62,539</b>	<b>(62,539)</b>			<b>(599)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(399,550)</b>	<b>356,686</b>	<b>(42,864)</b>	<b>(42,864)</b>	<b>9,909</b>	<b>(1,048,369)</b>	<b>0</b>	<b>0</b>	<b>#REF!</b>
Cash/cash equivalents at the year begin:	-	-	-	-	180,244	(180,244)	#DIV/0!	#DIV/0!	167,557
Cash/cash equivalents at the year end:	-	-	(42,864)	(42,864)	190,153	(233,017)	-444%	#DIV/0!	180,244
<b>ASPIRE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,146</b>				<b>9,716</b>
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>(42,864)</b>	<b>(42,864)</b>	<b>200,299</b>	<b>(233,017)</b>	<b>(0)</b>	<b>#DIV/0!</b>	<b>189,959</b>